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Expectations, positions and conflicts of resource policy

Contribution of the project "Resource policy – Analysing the debate and developing policy options"

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In many European Member States as well as within the European Commission resource policy is an emerging policy field that deals with new challenges:

- So far environmental policy has focused on avoiding emissions and improving environmental quality. The extraction and use of natural resources has tremendous environmental impacts. While regulations for some specific natural resources do exist, there is no comprehensive approach to manage the input of natural resources into society and economy.

- Besides climate change, the loss of Biodiversity, and the stratospheric ozone depletion, environmental policy focuses to a large degree on national, regional and local problems. For many harmful substances this approach has been very successful: The quality of air and of water has been considerably improved in many countries around the world. However, the flow of resources and material along globalised supply chains and product life cycles has yet to be been taken into consideration. This is especially important as environmental effects of consumption are increasingly shifted from industrialized countries to developing countries.

- Most environmental policy approaches that deal with avoiding emissions and waste focus on the final stages of product life cycles, ignoring innovation potentials in the early stages of the supply chain e.g. product design or consumer behaviour. An input-oriented environmental policy, however, could address these earlier stages.

- Many natural resources are used as inputs into the economy but are not priced or undervalued, for example the ecosystem services of biodiversity or other natural resources. Without a price, but being a scare resource, these resources are not efficiently allocated in the economy.

- Environmental policy, focusing on climate protection only, may neglect trade-offs with goals of natural resource protection. This was particularly important in the context of biofuels, and it may become relevant for other resources as well.

Developing a comprehensive resource policy thus closes these gaps and helps to develop an inclusive environmental policy framework. Especially the commodification of natural resources (e.g. biodiversity) and its ecosystem services is seen as key to a green economy (e.g. OECD). The resource strategy of the European Commission has a comprehensive concept of the term resources, integrating almost all environmental policy fields. Resource policy in this perspective is a starting point to integrate environmental effects in different economic sectors. In some countries, including Germany, recent resource polices focus on the use of (non-energetic) raw materials.

How a resource policy should look, which resources should be addressed, which goals should be set and which measures taken – these are questions of political and societal debate. Different discourses can be identified in the on-going debate and be summarized as follows:

1. **Resource Policy to Secure Supply of Raw Materials**

From this perspective problems are short-term volatilities and an increasing competition on international commodity markets mostly from emerging economies. Since German and European industries are highly dependent on imports, the aim of this approach is to ensure the supply of reasonably priced raw materials. Supply shortages are considered as short-term market distortions and not as absolute scarcities of certain raw materials. Indicators used are commodity prices and the short-term availability of raw materials.

The approach calls for improving the access to raw materials, promoting an undistorted world trade in commodities, the promotion of recycling as a source of raw material and the abolishment of regulations that impede the access to raw materials (notably nature conservation) within Germany and the EU. Instruments proposed are raw material partnerships, the use of international trade law and such instruments that stimulate innovations (e.g. funding research & development, resource-efficiency counseling, financial support for the introduction of efficiency technologies, or best practices).

2. **Resource Policy as Driver of Ecological Modernization**

A starting point of this discourse concerns increasing scarcities of certain natural resources and the negative environmental impacts that are connected to the exploitation and use of raw materials. This situation implies risks for the economy. Simultaneously, resource efficient technologies such as recycling technologies or resource efficient materials are future global markets with substantial economic potential. From this perspective, resource policy is a driver to stimulate innovations and to develop markets for innovative products. Its aim is to maintain the growth-orientation of the economy while simultaneously reducing the overall level of resource use. Resources are conceptualised in a narrow sense (as raw materials) but resulting environmental impacts from resource extraction and use are considered as well. Proponents of this discourse propose sets of indicators ('dashboards') that cover both the efficiency of resource use related to economic performance (e.g. raw materials productivity) and qualitative aspects (e.g. environmental impacts of certain raw materials). Proposed policy instruments aim at enhancing the demand for resource efficient technologies and include product standards, measures to increase commodity prices (taxes, charges) and the valuation of ecosystems and ecosystem services.

3. **Resource policy to meet planetary boundaries**

Another perspective on resource consumption is the one that focuses on the related interventions into ecosystems, being deranged or even destroyed by extraction of natural resources. In this perspective ecosystems (or at least: ecosystem services) should be preserved or even kept free of human interference. These resources enable human life and economic activities by delivering ecosystem services. But natural resources are limited, e.g. soil, water or biodiversity. That means that in this perspective it is necessary to limit absolute consumption in order to use the available resources in a manner that is sustainable, just and efficient.

One root of this discourse originates in traditional nature conservation. The aim is maintaining undisturbed ecosystems. Indicators for successful resource preservation are protected land, biodiversity, quality of air, soil and water. This resource concept underlying this perspective is very broad and entails almost all traditional environmental policy fields, like land, water, soil, biodiversity, air, and climate.

Another root of this perspective lays in the concept of ecosystem services (economic services, being generated by nature for humans and their economic activities). This concept has gained momentum also outside the scientific realm, e.g. with the Millenniums Ecosystem Assessment or the TEEB study. Ecosystem services cannot be augmented endlessly and a comprehensive resource protection is necessary to secure their supply.

In contrast to the view of nature conservation, intervention and use of natural resources are acceptable from the perspective of ecosystem services.

4. **Resource policy as criticism of the dominant economic model**

Criticism of environmental policy approaches that only focus on innovation and efficiency is formulated as a criticism of the entire economic model. An ever-growing economic model has to – even with huge efficiency improvements – have natural limits, even more so as the rebound effect destroys efficiency improvements. These rebound effects are seen in a broader sense on a macroeconomic level: as a result from the logic of competition and everlasting innovation, products will become cheaper due to productivity gains. The money that is saved will be spent on the consumption of ever more products and services. A couple of years ago the amount of current consumption of air travelling, automobility, housing space, exotic products, electronic gadgets etc. would have been unthinkable. Not last, this is possible due to globalised trade and ever cheaper availability of resources.

From this perspective the aim is not only to reduce absolute resource consumption but to reshape our economic model in such a way, that the priority is not economic growth, but different prosperity indicators, e.g. well-being, are put in the centre.

Lifestyles that centre on growing private consumption are criticized as well as increasing international trade of raw material and products. Proposals for a post-growth economy often entail decentralization and regionalization of economic activities. The fact that materialistic consumption has to be limited is offset by claiming that new individual possibilities of development will be possible.

Perspectives of a resource policy

From a static perspective these different views seem to be incompatible and contradictory: the provision of cheap resources in order to maintain economic competitiveness or assigning prices to natural resources and increasing prices of resource use in order to stimulate innovation, or even, to reduce absolute consumption.

From a long-term perspective, however, there could be common ground. This is why scenarios are important in the context of modelling and foresight processes that aim at assessing impacts of resource scarcity and policy options are a suitable approach for designing a long-term resource policy.

Against the background of conflicting expectations regarding the design of a resource policy it is important to:

- Identify common ground and differences in the public debate and develop starting points for a goal system for resource consumption with corresponding indicators and instruments

- Develop scenarios in order to identify long-term need to act and strategic starting points because of resource scarcity, increasing competition on world markets, long-term environmental and social consequences of resource use.
- Analyse economic, ecologic and social impacts and the legal requirements of policy instruments, in order to give politics a starting point to reach the goals.

The research project *PolRess – Resource Policy* that is commissioned by the German Federal Ministry for the Environment, Nature Conservation and Nuclear Safety (BMU) and the German Federal Environment Agency (UBA) aims at dealing with these questions by combining expertise from Political Science, Law and Economics. It discusses potential targets and indicators for future resource use and identifies and assesses potential policy instruments to increase material efficiency and resource conservation. The project will also develop qualitative scenarios that depict potential framework conditions (up to 2050) for a long-term resource policy. The project follows and contributes to on- going debates in the political, public, and scientific realm. Finally, networking activities with actors from science, research and politics will be promoted.