

Raimo Lilja, *Ecolabel Partnership, Mikkeli, Finland*

Negotiated Environmental Agreements in Promoting Material Efficiency in Industry – Challenges and Opportunities

Extended Abstract

The aim of this presentation is to discuss the challenges and opportunities in applying a sector specific negotiated agreement for promoting waste prevention (WPr) and material efficiency (MEf) in Finnish industry. The study was conducted mainly through analysing structured interviews targeted at the main stakeholders [1]. Based on a balancing of the expectations of the different stakeholders interviewed in this study and by using an existing agreement on energy efficiency as the initial model the following concept for a material efficiency agreement was formulated:

1. Voluntary agreements should not be used as a stand alone policy instrument, but rather as a platform for dialog in promoting sector specific continuous improvements towards the BAT-level (BAT=Best available technique) of MEf. The negotiating parties would be the Ministry of Employment and the Economy and the Ministry of Environment on the Government side and the Confederation of Finnish Industries and concerned Industrial Sector Organisations. Companies would be invited to participate with the principle of continuous improvement with flexibility on the company level and without direct sanctions. NGOs would have a role in the public participation procedure during the process of setting the targets and in the follow-up of annual progress. Both regulatory pressure and economic instruments should be developed to push up the ambition level of the agreements and their company specific implementation. Free riding may be addressed by using the environmental permit to require that companies present a clarification of their BAT-level regarding WPr or MEf.
2. The concept should include waste prevention related targets and indicators – not only targets related to the use of natural resources. The indicators should include specific waste generation and discarded waste volumes. The reporting should not duplicate the effort required by permitting authorities and statistical surveys. The concept should facilitate waste recycling between companies and sectors and valorisation of wastes and by-products. The Ministry of Environment as one signatory to the agreement would have a role in supporting such practices with administrative and information instruments.
3. The dialog concerning the targets of the agreement could incorporate a limited number of sector specific, qualitative, life-cycle oriented goals that can be monitored. Targets and indicators for such improvements might in some cases be derived from the Nordic eco-labelling scheme. The improvements in the value chain involving several companies and new innovations should be facilitated with R&D financing.
4. The concept should be based on the similar procedures, structures and financial support for audits as with the present energy efficiency agreements. Company specific MEf indicators for the upstream side should incorporate factors for life-cycle environmental impacts of materials – using internationally accepted methods and avoiding the burdening of the audited companies. The output side of the indicators should include both production volume and production value related parameters.

Despite the positive response of the interviewed stakeholders towards the concept of negotiated agreements, it became clear during the pre-feasibility study that such agreements will not be launched in the near future. Several years of preparatory work seems to be required to develop the required MEf auditing tools, the indicators and the methodology for prioritising different material streams. Furthermore the financing of the MEf auditing services is far from being secured. The contribution of this pre-feasibility study in the process was to emphasize the importance of merging both the SCP (Sustainable Consumption and Production) and the Waste Prevention targets into the future agreement scheme.

[1] Lilja R. Toimialakohtaiset sopimukset materiaalihokkuuden edistämiseksi ja jätteen synnyn ehkäisemiseksi. Loppuraportti 16.4.2008. Suomen ympäristökeskus. [Sector specific negotiated agreements in promoting material efficiency and waste prevention. Final report to the Finnish Environment Institute, in Finnish]; 2008. 34 p.