

## Briefing Note on the G7 “Value Retention Policies” Workshop Montreal, Canada, 21-22 June 2018

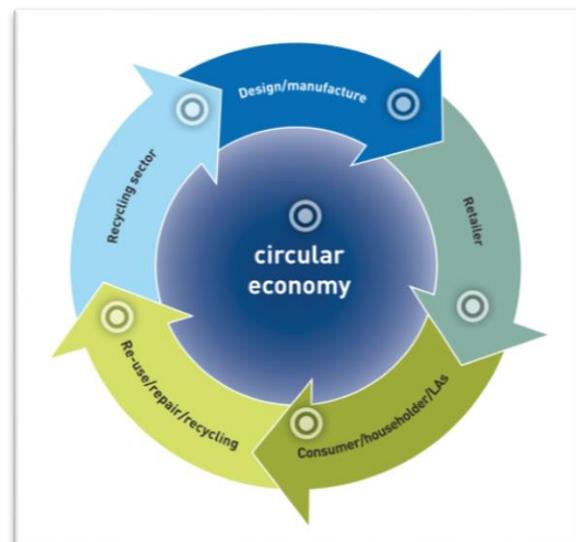


We are pleased to report on the highlights, outcomes and implications of this recent meeting which followed in the wake of the G7 Leaders’ Summit. Its coverage is directly relevant to the future activities of members, a fact reinforced by the European Commission including us in the EU delegation, contributing to the shape, content and facilitation of the event. Members have good reason to be optimistic about the issues raised and the direction of travel of international policy. In particular, the trend toward prioritising product policies and away from material recycling.

### What is ‘value retention’?

The concept of the Circular Economy is currently part of the mainstream of political thinking in Europe, although no one should assume this will continue beyond the May 2019 EU Parliamentary elections. Recycling and recovery have received much attention, policy and investment. These tactics have been focussed on **materials**, but the life extension, durability and design of **products** has held less, systematic attention.

This has been recognised by the United Nations Environment Programme and by the G7 itself, so a programme of research and consultation has been initiated to examine ‘Value Retention Policies’ (VRPs): a collective term for the reuse activities comprising Remanufacturing, Refurbishment, Repair and Direct Reuse. (Within the agenda for the workshop these were shortened to RRRDR or, more simply, ‘Reuse’.)



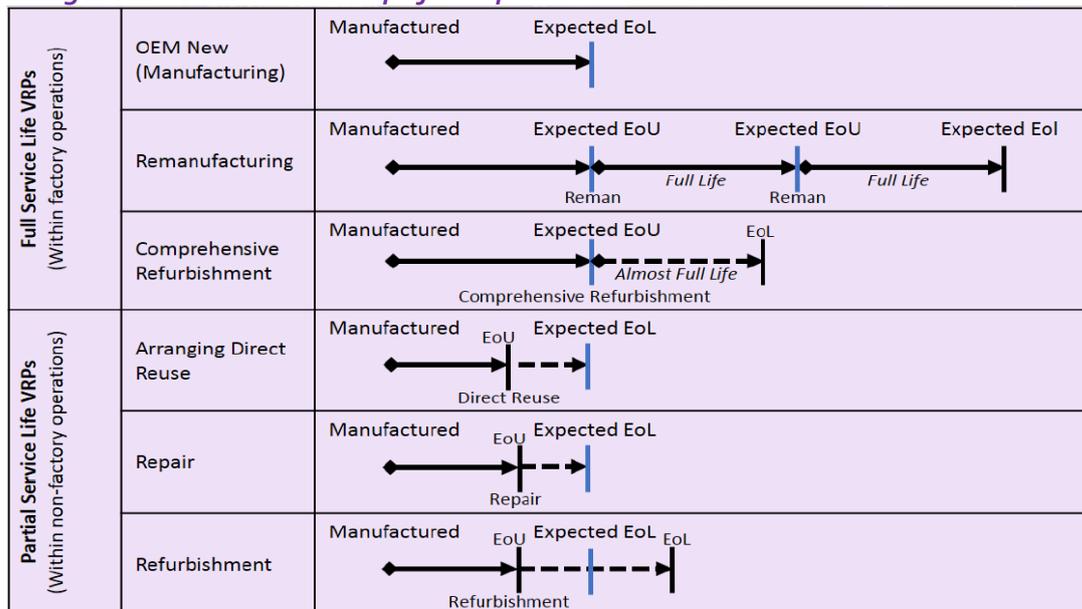
Source: WRAP and the circular economy

## What has happened to date?

As a precursor to policy discussion, the UN International Resource Panel (IRP) recognised the need for a detailed analysis of the various reuse activities: their differences, material, energy and labour effects, and their benefits. In 2015, the IRP commissioned Professor Nabil Nazr at the Golisano Institute (Rochester, New York) to provide an authoritative evidence base for the policy discussion.

At the first of these G7 workshops last year in Brussels, Professor Nazr presented on the draft findings of his work which drew widely on detailed data-gathering from automotive, heavy duty vehicles and office machines companies. This first event gathered a wide range of perspectives, including those of remanufacturers (in a panel discussion facilitated by our own David Parker).

### Categorisation and relationship of VRP processes



Source: Forthcoming International Resource Panel 'RRRDR' Report.

Note: OEM = original equipment manufacturer, EOL/ EoL = end of life, EoU = end of use

This second workshop was markedly different from the first in two respects: firstly, Professor Nazr's work is complete and significantly extends its framing and comparison of tactics, segregating 'industrial scale' reuse and 'domestic' reuse approaches. Secondly, the event had a better balance of remanufacturers, contracted agents, third parties and supply-chain agents, with fewer non-commercial inputs. The effect of this was to put 'the economy' back in Circular Economy.

## Objectives of the Montreal Workshop

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The purpose of this event under joint Canadian and EU management was to derive concrete policy recommendation statements for the G7. This was facilitated by presenting on, questioning and exploring central themes of the IRP report including:

- Presentations on **implications, trends** etc. from the European Remanufacturing Council and Whirlpool.
- Examination of the potential of **reverse logistics** by aWEARness, Panalpina and Revolution Recycling.
- Examination of the effect of **waste definitions** and the role of **standards** by Basel Secretariat, Yamais International, Schneider Electric and the British Standards Institution.
- Exploration of reuse markets for **consumer products** by REMADE France, Danby Products, Fnac-Darty and iFixit.
- Exploration of mechanisms for policy-makers to expand **market demand** for reuse by Compugen Finance, Provencher Roy Architects, the European Commission and Computers for Success.

The presentations were of a particularly high standard, as were the discussions that followed, but perhaps the most inspirational session was that related to logistics. Here a small, a medium and a large company all illustrated a high degree of innovation - even disruption - in rising to the task of providing solutions rather than simply describing problems. In this respect, those taking part in the event recognised the contribution of our member company Panalpina in adopting such a leading stance.

## Key points

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Topics ranged from the very big picture early in the programme, to a much more product-focussed consideration later, when consumer electronics was chosen as a 'test case'. Key issues raised were:

1. Regulatory barriers are the number one obstacle to increasing VRPs.
2. A need to address consumer perceptions that remanufactured and refurbished products are of lesser quality and durability. 'Sharing economy' models could play an important role in changing consumer patterns.
3. Consistent international definitions around VRPs, as well as complementary enabling measures to existing international frameworks dealing with end-of-life (e.g. Basel Convention).
4. Develop coherent international standards for remanufactured, refurbished, and repaired products and processes.
5. Industry should further explore reverse logistics options, made possible through innovative circular business models and technology advances.

## Discussion

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The biggest issue in respect of global expansion continues to be barriers to trans-national trade. This applies even within the EU, where local interpretation of waste legislation can result in reuse core being incorrectly burdened with waste licensing overheads.



National and international standards usually feature in meetings of this sort, and Montreal was no exception. There is progress on several fronts: The Ecodesign Directive and related SENELEC 'reusability' assessment standards set the framework for reusable design. BSI and related ISO standards lay out the 'how to' of the reuse process; future debate is over the role of specific product-related standards.

Within Europe, it is recognised that there is a disconnect between policy, beneficial end-of-use practice and consumer awareness. End-of-use does not mean end-of-life or even waste, but infrastructure and producer responsibility schemes are skewed towards treating products in this way, so it is a natural choice for consumers to dispose of products without considering reuse. There is clearly a lost opportunity for both self-repair and industrial take-back. Of interest to our members will be the recent project completed by Oakdene Hollins for DG-ENV on the effect of the WEEE Directive on design for reuse of printer cartridges and implications for future EPR schemes ([available from this link](#)).

## The 'test case'

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Repair has been the target of Kyle Wiens' iFixit website. From a 2003 start, this has grown to host assembly and repair manuals, videos and parts retail in support of 40,000 products - largely home electricals, but up to the size of a car.

Originally targeting the consumer, the site is also used by semi-professional and local repair operatives. Three consumer electrical companies and Apple were present at the event, and they raised very valid concerns over liabilities for product safety in the event of a repair. To some extent the depth of this concern depends on specific national legislation, but the point is noted: there needs to be consideration in law as to how long liabilities fall onto the OEM, on liability transfer under repair, and on not passing off a remanufactured product as an OEM product.



## Key messages that will be taken to the G7

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1. Recognise the work done to date by the G7 Resource Efficiency Alliance and bring value retention policies to the political level.
2. Invite the International Resource Panel to consider a follow-up report covering value retention policies for consumer goods.
3. Develop appropriate indicators, statistics and tools to monitor value retention policies and account for their contribution to the circular economy and climate change mitigation.
4. Expand the discussion on value retention policies from the G7 to the G20 where a large manufacturing player like China can make the difference.

## What are the implications for CER members?

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The compelling stories from member organisations such as **Panalpina** and **Lexmark** of successful businesses have already provided invaluable support to the Commission to push this agenda. We need to be realistic about the speed of change in this field, but optimistic that value retention is firmly in view.

Expertise with a multi sector perspective on issues is in short supply. The European Remanufacturing Council is already advising, so members should be confident that we can take these issues forward authoritatively to a listening audience. From a practical perspective, there are opportunities to learn from leading edge operators and new technologies coming on stream.

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*Report by David Parker of the Conseil Européen de Remanufacture*

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**About the Council:**

The vision of the European Remanufacturing Council is to triple the value of Europe's remanufacturing sector to €100 billion by 2030. We will bring together businesses from every product sector to share knowledge, and seek changes to policy with the aim of making remanufacturing a normal part of the product life cycle.

For more information about the CER please visit  
[www.remancouncil.eu](http://www.remancouncil.eu)



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**About Oakdene Hollins:**

Oakdene Hollins is a research and consulting business that advises clients on the circular economy and product stewardship. From offices in the UK and Brussels we provide market research and science-based evidence for Government and business clients. The company has managed European knowledge centres on remanufacturing (see [www.remanufacturing.org.uk](http://www.remanufacturing.org.uk) and [www.remanufacturing.eu](http://www.remanufacturing.eu)) and established the European Remanufacturing Council based in Brussels. Oakdene Hollins also manages the award of the European Ecolabel within the UK to companies applying to sell their products within the European single market (see [www.eu-ecolabel.uk](http://www.eu-ecolabel.uk)).

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