



IMPROVING RESOURCE EFFICIENCY IN VALUE CHAINS

A policy makers perspective

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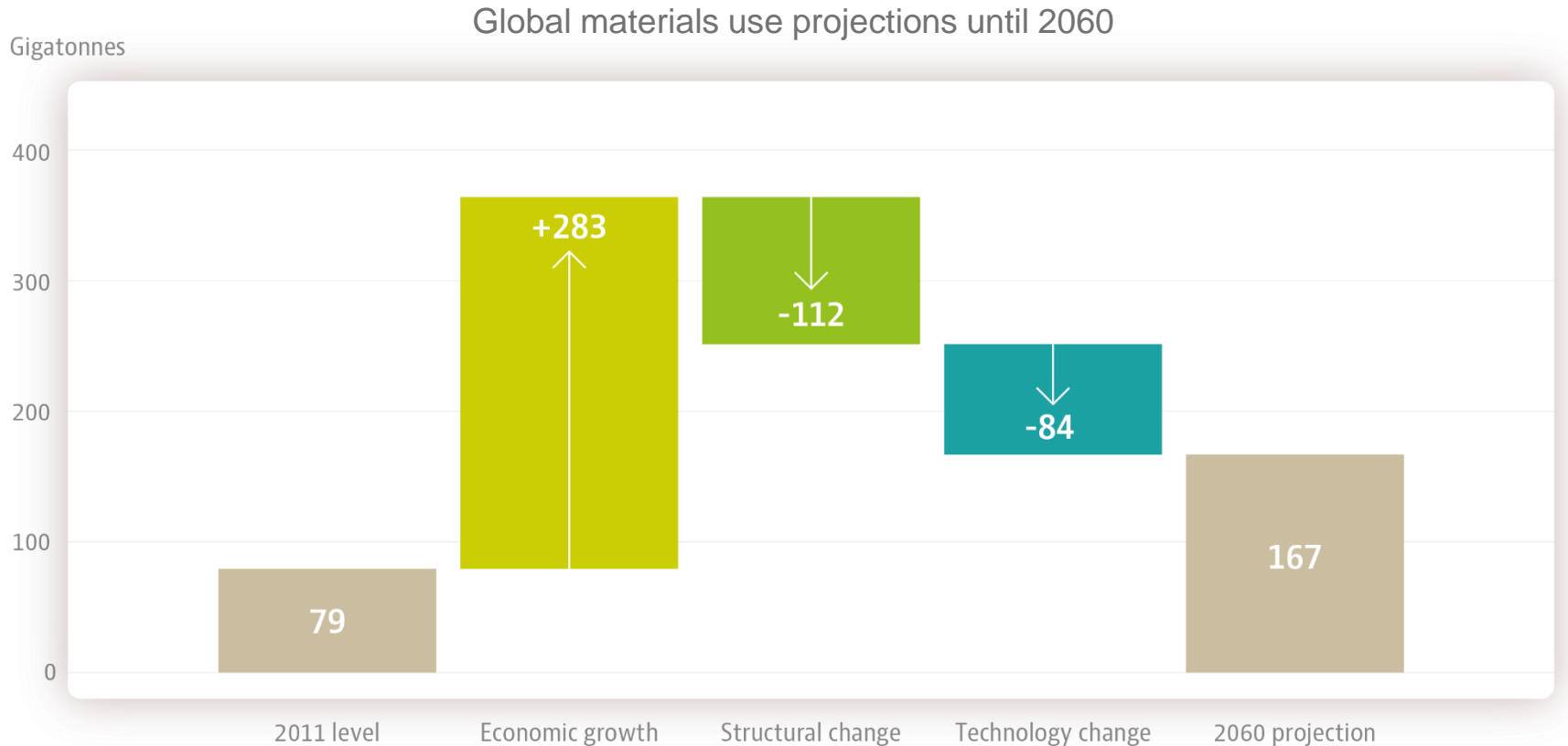
*G7 Workshop on tools making value chains more circular
and resource efficient*

Paris, 20-21 March 2019





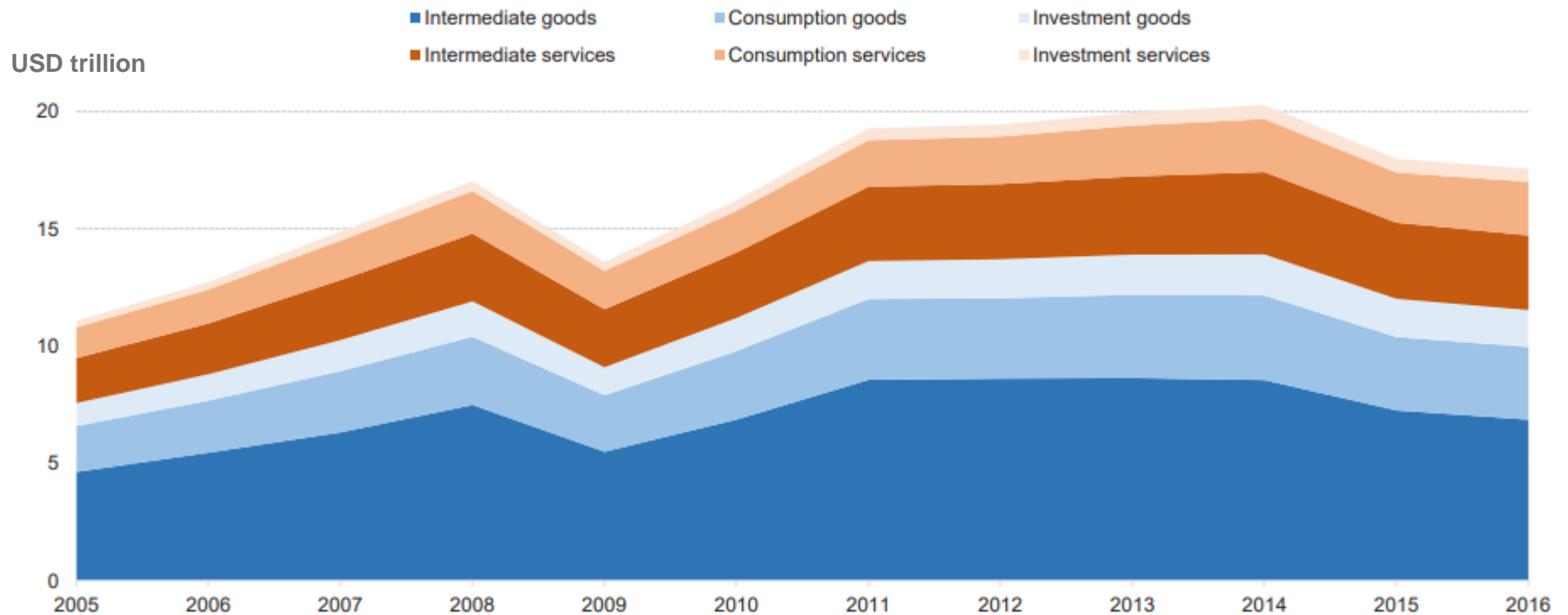
Global materials consumption is expected to double by 2060





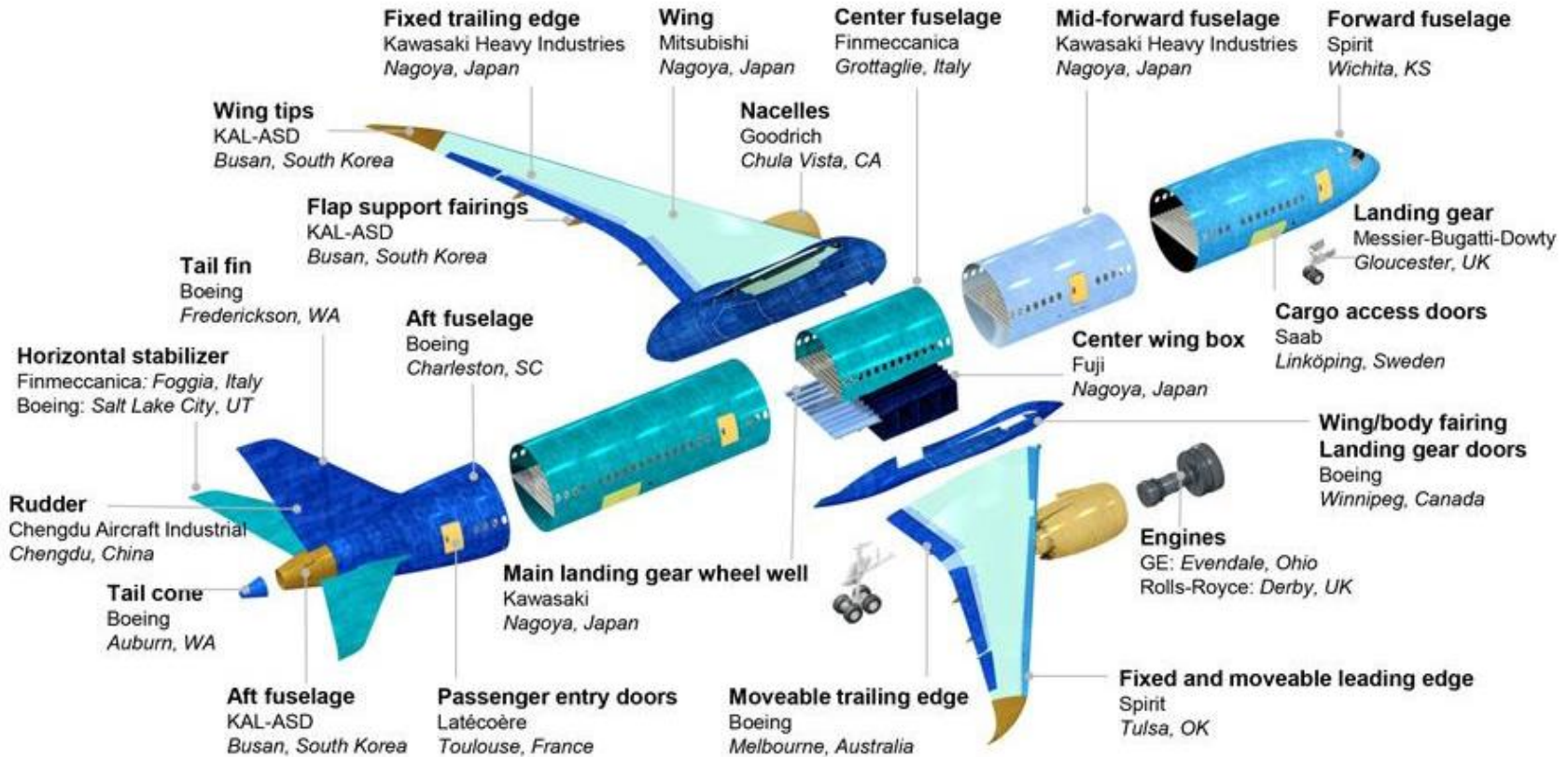
The rise of global value chains (GVCs)

Decomposition of world gross exports (2005-2016)





The example of Boeing



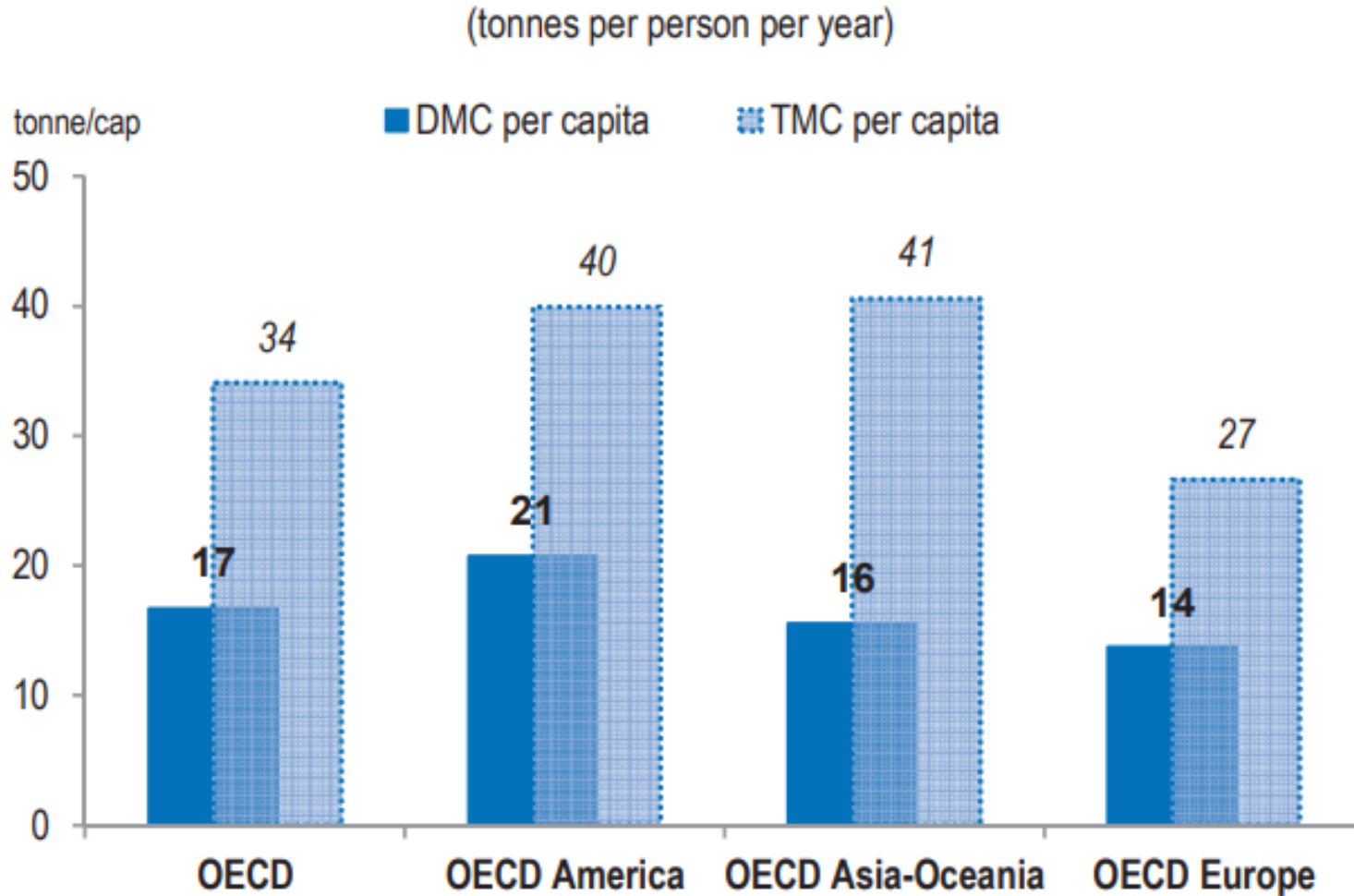


GVCs – a boon and a bane for resource efficiency

- Outsourcing supply chain activities has increased material productivity
 - Firms move activities to where they can be performed most efficiently
- But risk of environmental impact leakage increases
 - Activity moves to jurisdictions with weak environmental standards



GVCs – material intensive production moves abroad





GVC – the challenges

- The fragmentation of value chains has increased complexity
 - Affecting the availability and the flow of information
 - Creating more issues with policy coherence across jurisdictions
 - The potential impact of obstacles to trade and investment is becoming more important



Improve availability and flow of information

- Interrupted information flows and information asymmetries lead to suboptimal decision-making and leave RE opportunities unused at all phases of the value chain
 - Labels and information systems can improve information availability and flow along the value chain
 - Support for digital technologies that facilitate information flows for resource efficiency
 - Good practice guidance for voluntary initiatives and responsible business conduct
 - E.g., OECD Guidelines for Multinational Enterprises





Increase policy coherence

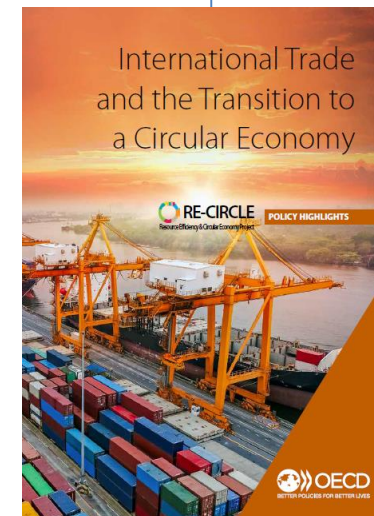
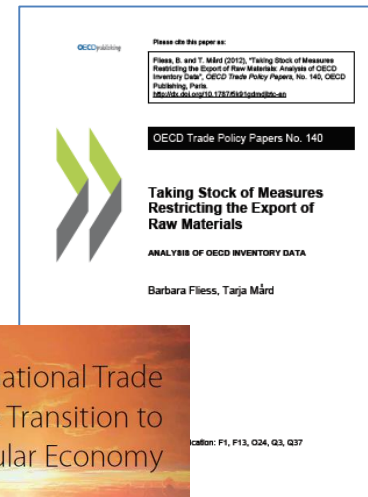
- As value chains become increasingly complex and internationally intertwined, policy coherence across departments and jurisdictions is essential
 - Harmonized product design rules and declarable substances lists
 - Standards for recycled materials
 - Removal of environmentally harmful subsidies





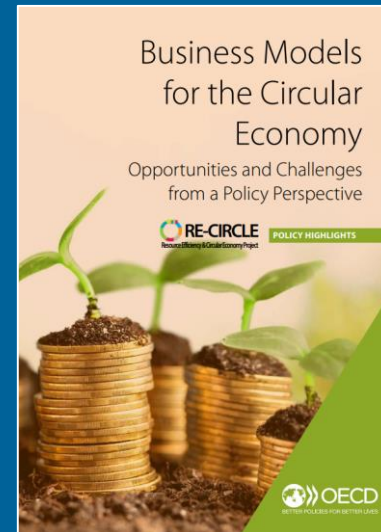
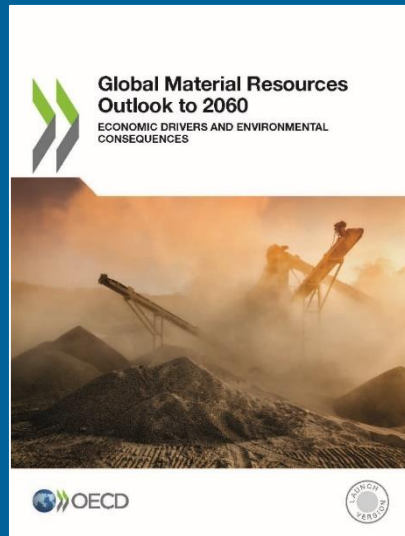
Address trade and investment issues

- Trade restrictions can distort the flow of goods and resource-optimization of markets (e.g. Chinese ‘Green Sword’ policy and plastic waste stockpiling)
- Address restrictions to trade in secondary materials
- Support managed trade where there are significant environmental risks
 - Basel convention & OECD Council Decision C(2001)107 provide a framework





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(forthcoming)

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