



The circular economy package

Position paper – June 2016

"The wider circular economy package now on offer is a good first step towards treating waste as a resource, rather than a burden, but there is room for improvement. The EESC is keen to see more ambitious economic and environmental targets front-loaded in the package in line with those in the proposed 2014 package."

Cillian Lohan, rapporteur of the EESC opinion on the circular economy package

Introduction

Switching from a **linear** (take-make-use-throw away) economy to an eco-design focused **circular** (make-use-reuse-remanufacture-repair) economy in which nothing is wasted is a critical challenge for Europe. It makes the economy more sustainable and reduces the environmental footprint through better resource management and reduced extraction and pollution; it also enables businesses to gain a competitive edge thanks to better management of raw materials, while making the economy less dependent on imported – potentially critical and rare – materials. Investment and innovation in green tech also provides new economic opportunities and markets for European businesses, especially SMEs, and can lead to the creation of green growth and jobs at the local, regional and trans-national level.

That we need to make this transition to a circular economy is not in doubt, according to an EESC opinion on the latest circular economy package. The Committee remains hopeful that these measures will be enough to achieve a *"paradigm shift in behaviour and practice"* because more systemic change is needed for the full socio-economic benefits of the transition to be realised.

What the EU is doing

In December 2015, the European Commission unveiled a revised package on the circular economy. The new package includes a series of modifications to the existing European legislation on waste treatment and recycling, and a communication entitled *Closing the loop – An EU action plan for the circular economy*.

The package seeks to pull together actors and actions involved in production, consumption, secondary raw materials and waste management. It focuses on priority sectors such as plastics, food waste, construction/demolition, critical raw materials and bio-based waste, and touches on energy efficiency and water and waste-water goals.

This proposal replaces a package issued in July 2014 within the framework of the EU2020 flagship initiative *A resource efficient Europe*. The latest version includes some improvements – it is more comprehensive and covers all stages of the product lifecycle – as well as some areas where the EESC notes a distinct lack of ambition. Its apparent emphasis on recycling over robust policy tools to implement priorities and targets raises some concern.

The EESC's position

The EESC strongly supports the transition of the European economy towards greener, more resource-efficient patterns; a topic it has addressed in a rolling programme of opinions including on the 2015 circular economy package¹, the withdrawn legislative proposals², the Green Action Plan for SMEs³ and the role of market-based instruments in the transition towards a green economy⁴.

"A circular economy is not just a linear economy where we try to feed the waste back into production, but a complete reshuffle of the economy, where the very concepts of liability and ownership need to be redefined," says Cillian Lohan, rapporteur of the latest opinion.

It should be an economy where "circles" are long-lasting, small, local and clean. Such an economy should create opportunities for businesses, especially innovative ones exploring, for instance, leasing-based business models and social enterprises. A successful transition should also provide a decisive boost for Europe's sustainable reindustrialisation.

The EESC welcomes the due attention given to upstream aspects of the product lifecycle, but recommends the more ambitious targets on waste treatment be reinstated from the 2014 version of the package, which it believes *"provided greater economic and environmental benefits"*⁵.

1. NAT/676 Circular economy.
2. NAT/651 The circular economy in the EU.
3. NAT/652 The circular economy: job creation and the Green Action Plan for SMEs.
4. NAT/620 Market-based instruments – low-carbon economy in the EU.
5. SWD(2015) 259 final.

The Committee generally favours using economic instruments to drive the transition to a greener economy; it welcomes the inclusion of mandatory reporting on economic instruments to be used by Member States to measure progress on waste reduction targets, but doubts the durability and scalability of the policies for implementing these without clear pan-European oversight.

The opinion feels it is important that the package underscores the role of education, training and awareness-raising – among workers, vulnerable sectors and businesses (especially smaller and social ones) and younger generations – as drivers of Europe's full transition to a resource-efficient circular economy.

"The circular economy needs to be clear and fair in its treatment of social and labour-related risks and benefits; as a first step we need to identify those most vulnerable during the transition and provide adequate training and requalification opportunities," notes the rapporteur.

The EESC's recommendations

The circular economy package is not a single EU strategy, policy or initiative. A complex task, it attempts to roll several directives⁶, actions and policies⁷ into one vision for global competitiveness and green growth. These include directives on – in particular – general waste, packaging and packaging waste, landfill, electrical and electronic waste and old vehicles, as well as initiatives dedicated to resource efficiency, the environment and specific actions already established on the circular economy.

To provide more coherence between the different actions, plans and initiatives, the Committee recommends a full assessment of the strengths and failings of previous initiatives, such as the Resource Efficiency Roadmap, and active coordination of upcoming Commission policies to ensure they are all in line with the principles of the circular economy. It also calls for the creation of an open European platform dedicated to the circular economy and resource-efficiency issues, including stakeholders and civil society representatives from both private and public spheres. Hosted by the EESC, this platform could help to drive the transition and political momentum by discussing key challenges, such as labour-related aspects or innovative business models. The EESC also recommends integrating resource efficiency into the European Semester process to monitor the transition with

regular implementation status updates reported in Country-Specific Recommendations and specific focus on greening fiscal systems.

The EESC strongly backs the waste hierarchy and urges public and private stakeholders at all levels to implement it fully. It welcomes the introduction of minimum requirements for Extended Producer Responsibility (EPR) schemes, and advocates for such schemes to be mandatory in Member States. Separate collection should be standard practice for bio-waste, according to the opinion, and reuse activities should be covered by a stand-alone target, instead of being incorporated into the recycling objectives. Mechanisms and specific deadlines to quantify food loss and waste should also be prioritised, with clear milestones to help the EU meet the UN Sustainable Development Goals⁸.

The Committee also wishes to see the revision of the Eco-Design directive to take the full lifecycle of the product into account, including its durability, reusability, reparability, recyclability as well as availability and affordability of spare parts. It calls for more comprehensive labelling of product life expectancy and urges a total ban on products with designed obsolescence or built-in defects.

Consumers will play a major role in the transition and eventual take-up of circular economy principles. *"Behaviour change can be best achieved through clear price signals... by offering convenience and competitive pricing to consumers,"* notes the opinion. The transition will occur when consumers exhibit mass behaviour change. This will have to include a marked preference for products and services associated with non-virgin raw materials. It will also have to include a shift away from the traditional concept of product ownership. This behaviour change will be driven at a consumer level by offering circular options that are as convenient as – and competitively priced compared to – traditional linear-based products. Here, green taxes and/or the promotion of EPR schemes would help differentiate the "circular" and "linear" products. Government-backed lending schemes, reduced VAT or incentives to help poorer people benefit from longer-lasting, higher-quality products is also recommended. As, too, public authorities leading by example through "green public procurement" policies.

The transition to a circular economy is a long-term process and needs ownership at all levels and sectors. The Committee looks forward to seeing the Commission actively engage all stakeholders in this package – the details of which will be critical to making it work.

Further information

April 2016 EESC opinion – Circular Economy Package:

<http://www.eesc.europa.eu/?i=portal.en.nat-opinions.37803>

DG Environment Circular Economy Strategy: ec.europa.eu/environment/circular-economy

6. COM(2015) 569 final – 2015/0276 (COD), COM(2015) 595 final – 2015/0275 (COD), COM(2015) 593 final – 2015/0272 (COD).

7. COM(2015) 614 final, COM(2011) 571 final, Decision 1386/2013/EU.

8. sustainabledevelopment.un.org/?page=view&nr=164&type=230&menu=2059.