



## **GLOBE EU High-Level Dinner of January 12, 2016**

**Guest: Commission Vice President Jyrki Katainen**

### **Event Summary**

Commission Vice-President Katainen opened his keynote address by declaring circular economy one of his obsessions. He went on to say that moving towards a circular economy will improve competitiveness and productivity in the European Union by adding value through innovation, new business models, and resource efficiency. Furthermore, he stressed the importance of incentivizing private players to change business models and creating a regulatory environment that is conducive to innovation.

He explained how he had experienced first-hand the difficulty of pushing through structural reform and warned that legislators should resist trying to regulate everything. Reminding the audience of the two components of the Circular Economy package, he pointed out that real added value would come from the Action Plan. He then went on to recognize the importance of encouraging consumers to select more sustainable products and mentioned the Eco-design Directive as a regulatory instrument to empower consumers to make informed choices.

He agreed that the EU does not have a single market for waste and recognized the need to establish a market for secondary raw material. On financing, he mentioned that Horizon 2020 will invest € 650 million in innovative demonstration projects. A pilot on 'innovation deals' will help innovators by bringing regulatory stability and increase investor confidence.

Also, the European Regional Development Fund and Cohesion Fund have set aside € 5.5 billion to improve waste management in countries where this is most needed. He called on stakeholders to advise countries on how to use money to improve waste treatment. Targeted support from the EIB and EFSI should help investors to become less risk-averse.

Comments from the floor referred to the need for sustainability indicators and the absence of taxation in the Commission's proposal as a means to boost development and innovation. Likewise, it was felt that sustainable sourcing should have been addressed in the Package. Also discussed were problems caused by price differences between virgin and recycled materials and the challenge to avoid overlapping waste infrastructure. Participants urged the Commission to bolster green public procurement and some even suggested that it should be courageous enough to propose mandatory targets.

It was generally welcomed that the entire Commission appears to stand behind the Package. The need to create favorable conditions for investors and to look for best practice in other parts of the world was also highlighted. The Commission's understanding of technological neutrality was challenged in case mandatory targets are introduced that can only be met by one or two technologies.

Although consumer resistance to eco-design targets was considered an issue, it was felt that improved communication would help overcome this. New product requirements, however, are necessary to attain efficiency targets. The relevance of bio-based materials for a circular economy was mentioned and a case was made for equal incentives for these and recycled materials. Also, as a general principle to encourage innovation, it was deemed critical to reward front-runners.

In a reaction to comments about bio-based materials, the Commission was urged to come up with criteria to help understand which biomass is sustainable. The recycling of hazardous materials in a circular economy was, furthermore, identified as a potential risk if this would mean reduced surveillance. Finally, it was suggested that the proposed 30% resource productivity target be added to the Europe 2020 strategy targets during its mid-term review.