

“Fast-tracking a Circular Economy in the EU”

European Parliament Brussels, March 19, 2019

Summary of the event

Session I. “Stock-taking”

The session was chaired by **Sirpa Pietikäinen** MEP, President of GLOBE EU. In her opening comments, she introduced the work of GLOBE EU and its recommendations on a circular economy for the forthcoming Commission, which were prepared as background for this meeting¹. GLOBE EU encourages the new Commission “to keep the circular economy as a strategic priority and ensure that all measures adopted so far are correctly implemented and enforced; it will also have to accelerate progress in other policy areas”. It identifies priority areas such as anchoring circularity across EU policies beyond environmental protection and sustainable economic growth, speeding up circular design of products and packaging beyond energy-related products, boosting demand for circular goods and services through public procurement, providing finance to support a circular transition, protect our natural capital, and increase international cooperation by setting specific SDG implementation targets and establishing cooperation agreements with countries world-wide.

The session continued with a keynote address by European Commission Vice-President **Jyrki Katainen** and a speech by **Gerben-Jan Gerbrandy**, MEP. They emphasized the fact that circular economy has now become an irreversible megatrend². The EU should strive to remain a frontrunner as it is facing competition from third countries such as China and Japan. The European Strategy for Plastics and the Eco-design Directive were mentioned as examples of policies where progress has been achieved.

¹ GLOBE EU recommendations on “Fast-tracking a circular economy in the EU”, published in March 2019: http://www.GLOBE-eu.org/wp-content/uploads/GLOBE-EU-Recommendations_190319.pdf

² Mention was made of the European Commission’s reflection paper “Towards a sustainable Europe by 2030” (COM(2019)22 of 30 January 2019), which highlights the crucial role of circular economy to achieve sustainable development: https://ec.europa.eu/commission/sites/beta-political/files/rp_sustainable_europe_30-01_en_web.pdf

Special emphasis should be placed on the avoidance of waste through improved recycling, coupled with the long-term objective of becoming CO₂ neutral. The EU has already channeled €7 bn towards green investments —such as waste management systems— through the Cohesion Fund, EFSI, and InvestEU.

While progress has been made at the EU level, implementation and enforcement in member states remains a challenge.

Central elements in efforts to accelerate the transition to a circular economy are:

- innovation (e.g., new technologies and business models)
- sustainable finance
- involvement of all the different stakeholders

Additional elements that were discussed during this session were public procurement, which represents around 14% of EU GDP (representing approximately € 2,5 trillion in 2018) and a tax shift from labor to resources, as incentives are missing with the present taxation focus on labor.

Session II. “A Stakeholders’ Outlook”

Session II presented stakeholders’ views from the perspectives of a think tank (**Vasileios Rizos**, CEPS), workers (**Luc Triangle**, industryAll), industry (**Carolien van Brunschot**, WBCSD) and local government (**Harriët Tiemens**, City of Nijmegen).

The presentations looked at achievements to date and considered the challenges still to be faced. The overall challenge is to carry out a major shift in production and consumption patterns of industrial products and reduce the usage of virgin raw materials. The transition to a circular economy affects products (longer-lasting and recyclable), processes (e.g., lease, maintenance, repair, recycling) and business models (shift towards the provision of services). Co-benefits can include mitigation of environmental damage and climate change.

The social and employment dimensions of this transition need to be better taken into account³, in order to provide similar quality and costs of products and services, and quality jobs to those currently available. The transition must therefore be supported by standards, regulation, innovation, finance, and taxation.

While it is expected that the circular economy will have positive net impacts on job creation, the shift from jobs linked to direct production to new jobs linked to the provision of services such as industrial maintenance, repair, or recycling, will require different sets of skills. Jobs linked to primary materials production will also decrease to give way to those linked to the usage of

³ Note was made of the June 2018 report for DG Environment on the “Impacts of circular economy policies on the labor market”: http://ec.europa.eu/environment/enveco/circular_economy/pdf/studies/Annexes.pdf. The report provides key insights into key sectors, such as motor vehicles, and electric & electronic equipment

secondary raw materials resulting from recycling. Sectoral, as well as regional shifts, are therefore expected and attention must be given to those regions that may be affected. Attention must also be given to the impacts that longer-lasting products can have on EU industrial producers due to reduced sales.

In the area of EU waste policy there are several challenges such as complexity and high administrative costs related to shipments of waste for materials' recovery within the EU. Traceability of materials that would end up at some stage in recycling plants needs to be ensured, especially where hazardous substances are concerned. In addition, there are wide differences in waste management performances across EU member states (e.g., in terms of waste collection or processing infrastructure). Standardisation and digitalisation are key instruments required to move ahead.

While stakeholders agreed on the success of the Eco-design Directive in improving the energy efficiency of energy-related products, faster progress towards the inclusion of non-energy related products was found necessary.

Local governments are key implementation partners. It is thus important that cities and local governments get involved, form networks and learn from each other. Funding should be open to local initiatives, such as Living Labs, to raise awareness, develop best practices, and promote behavioural changes by both citizens and businesses. In addition, the built environment, which covers a third of global resource consumption as well as generates 40% of GHG emissions and a third of waste streams, requires the creation of a conducive framework involving actors from both the private and the public sector.

Session III. "Priorities for the next EU legislature"

The third session consisted of a panel discussion with: **Sirpa Pietikäinen** MEP (President, GLOBE EU), **Bas Eijkhout** MEP (Greens lead candidate), **Janez Potočnik** (Co-Chair, UN International Resource Panel) and **Eline Boon** (Senior Policy Analyst, The Ellen MacArthur Foundation)

The third session highlighted the areas to be prioritized during the next EU legislature. Some of the key priorities identified were the following:

- Political will is crucial to ensure that progress continues and stagnation is avoided. To do so, the circular economy should be anchored in all EU policies. For example, a link could be established with DG COMP to synchronize incentives for the business sector. It is also crucial to ensure that such policies are fair and inclusive.
- The circular economy is an opportunity for the European economy and can benefit the poorer regions of the EU. The challenges are global and the EU can be a leader in this field; helping to achieve SDGs and driving systemic change through collaboration with developed and developing countries.

- Coherence on following up on circular economy policies should be sought between the new and the old Commission, and between all the different levels of government. For example, the Commission would benefit from working with cities.
- Demand for secondary raw materials is still scarce and should be boosted, starting with public procurement.
- Give a push to implementation, not only through (financial) incentives but also through penalties, such as taxation on primary resources. Recycled products are still more expensive than products produced with virgin resources. Pricing incentives are therefore needed, which should be set at the right level in Member States, since taxation is not an EU competence.
- The focus of policies needs to move beyond recycling. Reuse and prolongation of the lifespan ought to come first. There remains, however, a challenge from the political perspective. The long-term objective is to reduce waste to almost negligible quantities.
- Focus on identifying the drivers of a circular economy, including from the perspective of behavioral change.
- Recognize the core role of standards and indicators, in order to enable comparability of measurements.
- Successful policies such as the EU Strategy on Plastics, the Eco-design Directive, and Extended Producer Responsibility should be expanded. However, market surveillance remains key to ensuring a level-playing field.