ACTION PLAN FOR THE CIRCULAR ECONOMY

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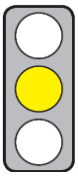
KEY ISSUES

Objective of the Communication: By strengthening the European circular economy, the Commission wants to reduce the amount of waste and make use of waste in a more environmentally and sustainable way.

Affected parties: Whole economy



Pro: Uniform EU standards for secondary raw materials make them easier to trade in the EU.

Contra: (1) Additional ecodesign regulations restrict the design possibilities for suppliers and the options available to consumers.

(2) The Commission should specify the cases where alleged insufficient durability or reparability of products poses problems.

CONTENT

Title

Communication COM(2015) 614 of 02 December 2015: Closing the loop: - An EU **action plan for the Circular Economy**

Brief Summary

- **Context and objectives**
  - A "circular economy" aims,
    - to safeguard resources and channel materials back into the economic cycle (p. 3) throughout the entire "lifecycle" of a product – design, production, use and disposal – so that
    - "the value of products, materials and resources is maintained in the economy for as long as possible, and the generation of waste minimised" (p. 2).
  - Changing to a circular economy will
    - protect companies from scarcity of resources and rising raw material prices in order to make the EU more competitive,
    - create new business possibilities and jobs,
    - reduce energy consumption and the level of carbon emissions and
    - prevent irreversible environmental damage.
  - The Action Plan for the Circular Economy contains measures for all stages of the value-added chain. In addition to circular waste management [COM(2015) 595, see cep**PolicyBrief**] they relate to
    - product design,
    - secondary raw materials,
    - plastics and plastic waste,
    - food waste and
    - research and innovation.

- **Product design**
  - The design of products and their packaging has an effect on how well they can be re-used or recycled.
  - Under the Ecodesign Directive (2009/125/EC, see cep**PolicyBrief**) ecodesign regulations will be adopted for the sustainable design of certain products which – in addition to energy efficiency requirements – will, in future, also impose requirements on the reparability, durability, upgradability and "recyclability" of products, and the identification of certain materials or substances.
  - As a first step, the Commission wants to (p. 3 et seq.)
    - propose ecodesign requirements for television and computer screens and,
    - in the Ecodesign Working Plan for 2015-2017, clarify how ecodesign regulations can be developed for other product groups.

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– In the context of "extended producer responsibility" (EPR), Member States can oblige the manufacturers of products to bear the costs of waste management for the products and packaging which they bring onto the market (Art. 8 (1) and Art. 14 (2) Waste Framework Directive 2008/98/EC). EPR schemes will ensure that
  - the manufacturers bear the entire waste management costs of the products which they bring onto the market [new Art. 8a (4) Waste Framework Directive 2008/98/EC pursuant to the proposal for an amendment to the Directive COM(2015) 595; see cep**PolicyBrief**] and
  - differences in product design which affect recyclability are taken into account when it comes to allocating waste management costs to the individual manufacturers (p. 3 et seq.).
– The Commission wants to increase the durability of products. For this it wants to
  - examine whether, for certain products, information on the possibility of repairs – e.g. by way of online repair manuals – or about the availability of spare parts – e.g. by way of information displayed on the products – can be made obligatory,
  - develop an "independent testing programme" to detect built-in wear parts which are intended to reduce the useful lifetime of products ("planned obsolescence").

► **Secondary raw materials**
– Raw materials derived directly from nature ("primary raw materials") can be replaced in production processes by raw materials recycled from waste ("secondary raw materials") thereby reducing the EU's dependence on imports of raw materials (p. 11).
– Until now, secondary raw materials have only made up a small proportion of the materials used. A significant obstacle is the fact that their quality – e.g. due to the varying impurity levels of waste – often varies greatly across the EU.
– The Commission wants to prepare uniform EU quality standards for certain secondary raw materials in order to boost their marketability in the EU.

► **Plastics and plastic waste**
– The Commission criticises the fact that (p. 13)
  - less than 25% of plastic waste is recycled,
  - 50% of plastic waste still goes to landfill and
  - large quantities of plastics still end up in the oceans.
– Plastics can have both a negative and a positive impact on the environment:
  - On the one hand, plastics may contain additives which are hazardous to health and harmful to the environment – e.g. plasticizers, stabilizers, colourants [COM(2013) 123, see cep**PolicyBrief**].
  - On the other hand, plastic packaging can give food a longer shelf life and the increasing use of plastics in vehicles reduces their weight and thus their fuel consumption.
– The Commission wants to adopt a "strategy on plastics in the circular economy", addressing the following issues in particular:
  - recyclability of plastics,
  - the presence of hazardous substances in plastic waste and
  - plastic waste in the oceans.

► **Food waste**
– In September 2015, the UN General Assembly adopted a target of halving worldwide food waste at retail and consumer level by 2030 (p. 14).
– Until now, there has been no uniform EU method for defining and measuring food waste. It is difficult to define and quantify because it can take place at every level of the value-added chain – from food production right through to consumption in private households.
– The Commission wants to work with Member States and interest groups to devise a uniform EU method for measuring food waste.
– The Commission will support awareness campaigns about food waste and set up a platform for Member States and "stakeholders" which will provide information about best practice and progress in reducing food waste.
– The Commission will "clarify" EU legislation relating to waste, food and feed (p. 15). This, whilst maintaining a high standard of food safety, will make it easier
  - for food to be donated,
  - for rejected foodstuffs and by-products of food production to be used in the animal feed industry.
– The Commission wants to examine how date markings on food – such as the "best before" date – can be "improved" so as to avoid misinterpretation by consumers which can lead to increased food waste.

► **Promoting research and innovation**
– Changing to a circular economy requires new technologies, services and business models.
– The "Horizon 2020" work programme 2016-2017 from the EU Research Framework Programme includes the initiative "Industry 2020 in the circular economy", which will make € 650 million available for demonstration projects (p. 18).

– The Commission will carry out a pilot project under which companies will be able to make agreements with public authorities ("innovation deals") in order to reduce regulatory barriers to innovation in the area of the circular economy (p. 18).
– Cohesion funds promote schemes which support the circular economy such as those supporting
  - re-use and repair, as well as
  - improved production processes and product design.

Statement on Subsidiarity by the Commission

Although, according to the Commission, local, regional and national authorities are "enabling the transition" to a circular economy, the EU also has a "fundamental role to play in supporting it" by creating the "right regulatory framework for the development of the circular economy" to "drive investments" and "provide a level playing field" in the internal market. (p. 2).

Policy Context

The Action Plan for the Circular Economy is part of a "Circular Economy Package" which, in particular, provides for the amendment of various Directives on EU waste law (see cep**PolicyBrief**): the Waste Framework Directive 2008/98/EC [COM(2015) 595], Directive 94/62/EC on packaging and packaging waste [COM(2015) 596], Directive 1999/31/EC on landfill sites [COM(2015) 594], Directive 2000/53/EC on end-of-life vehicles, Directive 2006/66/EC on (waste) batteries and (waste) accumulators as well as Directive 2012/19/EU on waste electrical and electronic equipment [all COM(2015) 593]. The circular economy package is based – with modifications – on a proposal for a Directive from 2014 [COM(2014) 397, see cep**PolicyBrief**], which the Commission withdrew in 2015.
The Commission has already presented possible proposals for the future regulation of plastic waste in its Green Paper on a European strategy for plastic waste in the environment [COM(2013) 123, see cep**PolicyBrief**].

Options for Influencing the Political Process

Directorates General: DG Environment (leading)

ASSESSMENT

Economic Impact Assessment

Ordoliberal Assessment

Strengthening the circular economy and thereby safeguarding resources may reduce EU dependence on imports of raw materials. However, contrary to the Commission's assertion, it is not certain that the EU will automatically become more competitive due to a stronger circular economy. In the short term at least, strengthening the circular economy may involve competitive disadvantages if it increases costs for companies without bringing about a noticeable increase in the availability of resources. The Commission should more clearly identify this conflict of objectives.

Impact on Efficiency and Individual Freedom of Choice

Additional **Ecodesign rules** – possibly far-reaching depending on the design – **restrict the design possibilities of suppliers and the options available to consumers.** Requirements such as "recyclable" also indicate a high level of arbitrariness.

The Commission should specify the cases where alleged insufficient durability or reparability of products actually poses problems, because durability and reparability are product characteristics which consumers can already demand in various forms. In view of technical progress and the associated increased energy efficiency of newer devices, **a faster turnover,** particularly **of electrical goods, would even be desirable on ecological** and economic **grounds.**

Uniform EU standards for secondary raw materials make them easier to trade across borders in the EU. This reduces dependency on primary raw materials, which often have to be imported into the EU, and leads to an overall drop in raw material prices in the EU.

The increased use of plastics – as the Commission rightly points out – brings new opportunities for the circular economy but also additional risks. The Commission omits to mention this conflict of objectives. It should therefore clearly address the problem, together with ways to overcome it, in the forthcoming Strategy on Plastics in the Circular Economy, at the latest.

The term "food waste", as used by the Commission, already infers an evaluation even though there is no common understanding of what it means. **The standard EU method,** announced by the Commission, **for measuring "food waste"** may provide clarity about how to define it. It **must not,** however, **be used to establish** future **measurable objectives for its avoidance**.

Impact on Growth and Employment

Negligible.

Impact on Europe as a Business Location

Negligible.

Legal Assessment

Legislative Competency

Unproblematic. The EU can adopt environmental measures for the "prudent and rational" use of natural resources and for waste management (Art. 192 TFEU).

Subsidiarity

The Commission itself expressly acknowledges that the authorities in the Member States at local, regional and national level are "enabling the transition" to a circular economy. Its sweeping statement that, in view of the investment support and creation of standard EU competition rules, the EU has a "fundamental supporting role", does not in itself justify EU action pursuant to the principle of subsidiarity (Art. 5 (3) TFEU). Precisely because of the central role of local, regional and national authorities, concrete future EU measures on the circular economy must be carefully examined as to whether their objectives could not be better achieved by the Member States than at EU level.

Conclusion

Ecodesign regulations restrict the design possibilities for suppliers and the options available to consumers. The Commission should specify the cases where alleged insufficient durability or reparability of products actually poses problems; a faster turnover of electrical goods would even be desirable on ecological grounds. Uniform EU standards for secondary raw materials make them easier to trade in the EU. The forthcoming standard EU method for measuring food waste must not be used to establish measurable objectives for its avoidance.