Implementation of the EU Circular Economy Plan: the Progress and main Challenges

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Benefits of the Circular Economy

• It offers an opportunity to reinvent our economy, making it more sustainable and competitive. This will bring benefits for European businesses, industries, and citizens alike. With this new plan to make Europe’s economy cleaner and more competitive, the Commission is delivering ambitious measures to cut resource use, reduce waste and boost recycling.
Towards a more circular economy...

- to modernise and transform the European economy
- to make SMEs substantial economic gains and become more competitive
- to deliver important energy savings and environmental benefits
- to create local jobs and opportunities for social integration
- to interlink on jobs and growth, investments, the social agenda and industrial innovation
- to lower energy consumption and carbon dioxide emissions levels.
The goal of this presentation is to present a complete overview of the actions already delivered in the implementation of the EU Action Plan since its adoption in December 2015, and to introduce key deliverables for 2017.
The European Commission adopted an ambitious Circular Economy Package, which includes revised legislative proposals on waste to stimulate Europe's transition towards a circular economy which will boost global competitiveness, foster sustainable economic growth and generate new jobs.
Key deliveries since the adoption of the Action Plan

• The EU Commission has put forward a number of key initiatives in 2016 to support the circular economy.

• These initiatives cover the **full value chain**, from production to consumption, waste management and use of secondary raw materials.
Legislative proposal on online sales of goods (December 2015)

• The aim - to strengthen guarantees for consumers to better protect them against defective products and contributes to the durability and reparable of products. This prevents products from being thrown away, and contributes strongly to the circular economy.

• In case of a defective product sold online, during the first two years from the time of delivery, the seller must prove that no default existed at that time (now – 6 months).

• This change will make it easier for consumers to exercise their rights and will be a clear incentive to produce higher quality and more durable products.

The proposal also provides a two-year legal guarantee for second hand goods and fully harmonises a hierarchy of remedies where repair is more strongly promoted.
Legislative proposal on fertilisers (March 2016)

- Proposed a Regulation will create a genuine single market for **fertilisers made from secondary raw materials** (in particular recovered nutrients), thereby turning waste management problems into economic opportunities.

- Proposed rules can make the fertilisers sector less dependent on imports of critical, primary raw materials such as phosphate, which can also be recovered from domestic organic waste. When organic waste fulfils strict recovery rules, it **can become an eligible component of CE-marked fertilising products** with unrestricted access to the single market.

- Regarding non-CE marked fertilisers, EU Member States will be able to continue trading those products on their national market according to their national rules.
Launch of the Innovation Deals (May 2016)

- Innovation Deals aim at bringing together innovators, national/regional/local authorities, and Commission services to clarify regulatory barriers to innovation in EU regulation or Member State implementing measures.

- 32 expressions of interest from 14 different Member States were submitted. Two Innovation Deals will be signed in the first quarter of 2017: one will look at perceived legislative obstacles with regards to e-mobility and recycling of batteries; the other one will examine regulatory barriers with regards to sustainable wastewater treatment using innovative anaerobic membrane bioreactors technology.
Ecodesign (November 2016)

• The Commission confirmed the importance of smart product design and decided to focus efforts on the product groups with the highest potential in terms of energy and resource savings and further reinforce the evidence base for regulatory action.

• the Commission undertook to also explore more systematically the possibility to establish product requirements relevant for the circular economy such as durability, reparability, upgradeability, design for disassembly, information, and ease of reuse and recycling.

• Commission has developed mandatory product design and marking requirements to make it easier and safer to dismantle, reuse and recycle electronic displays (e.g. computer monitors, televisions and electronic display integrated in other products).

• Immediately after it adopted the Circular Economy Action Plan, the Commission also asked the European standardisation organisations to develop generic standards on the durability, reusability and recyclability of certain products.
Food waste (throughout 2016)

• It launched a stakeholder’s platform on food waste prevention, made progress in developing an EU methodology to measure food waste, and prepared EU guidelines to facilitate food donations and the use former foodstuff as feed.

• The Commission is also elaborating guidelines for use of former foodstuff as feed, with the aim to valorise the nutrients in former foodstuffs through their safe use in animal nutrition. This reduces food waste, avoids that the former foodstuffs are burned or landfilled and instead substitutes cereals and oil seed in the animals’ diets, at the same time freeing land for the production of food and reducing the EU dependence on imported feed.
Waste-To-Energy (January 2017)

• The primary objective of the communication is to ensure that the recovery of energy from waste in the EU supports the objectives of the circular economy action plan and is firmly **guided by the EU waste hierarchy**.

• The communication also examines how the **role of waste-to-energy processes can be optimised** to play a part in meeting the objectives set out in the Energy Union Strategy and in the Paris Agreement.
Proposal to amend the Directive on the restriction of the use of certain hazardous substances in electrical and electronic equipment (January 2017)

• This proposal adopted today will further facilitate second-hand market operations (e.g. reselling) and repair of electrical and electronic equipment. The proposal will benefit citizens and industry, for example by extending the lifetime of existing equipment, including costly medical devices, and boosting the repair and second hand market for certain types of equipment. Public authorities will benefit too, as the proposal could reduce administrative burdens and lower EU healthcare costs by an estimated €170 million by allowing hospitals to buy and sell used medical devices also after 21 July 2019.
Why are hazardous substances in electrical and electronic equipment a problem?

- Even when waste electrical and electronic equipment is collected separately for recycling, certain hazardous substances contained in old equipment can pose risks to health and the environment. This affects workers in recycling plants in particular. The most effective way to reduce such risks is to substitute such substances in electronics and electric equipment with safer materials. Restricting the use of hazardous substances is likely to enhance the possibilities and economic profitability of recycling of waste electrical and electronic equipment and decrease the negative impact on the health of workers in recycling plants.
The platform to support the financing of circular economy
(January 2017)

• The aim - to increase awareness of the circular economy business logic and improve the uptake of circular economy projects by investors. While the business case for the circular economy is clear, this message still has to reach a good part of businesses in the EU and of the financial and banking sector.

The platform will have a three-pillar structure:

• 1. The coordination and awareness raising pillar will share best practices amongst potential project promoters and other stakeholders.
• 2. The advisory pillar will be used to develop circular economy projects and to improve their bankability prospects.
• 3. The financing pillar will explore whether a dedicated financing instrument for circular economy projects is needed.
Other initiatives delivered in 2016

*best practices, procurement, information to consumers, guidance, funding and support schemes*

- These tools are essential to ensure that the circular economy is taken up by all relevant actors in the economy and gradually becomes the standard practice.
Guidance on circular economy into BREFs for several industrial sectors

• The Commission has integrated circular economy aspects into the Best Available Techniques Reference Documents (BREFs) which EU Member States have to reflect when issuing permits for industrial installations. This will help to reduce waste generation, boost recycling and reduce resource use thus bringing further sustainability and competitiveness in the industries covered by the Industrial Emissions Directive.
Green Public Procurement

• new Green Public Procurement criteria for **office buildings, for roads, and for computers and monitors**.

• These can be used by public authorities on a voluntary basis, and include requirements relevant to the circular economy.

For example, **computers and monitors have to be designed so that they can be repaired with commonly available tools and that batteries can be easily replaced, and the possibility to upgrade them is rewarded**. **The use of recycled materials for the construction of roads and buildings is encouraged**. **As public procurement accounts for a large proportion of European consumption, the inclusion of requirements related to circularity in public authorities’ purchasing will play a key role in the transition towards a circular economy**.
Updated Guidance on Unfair Commercial Practices Directive - Action on environmental claims

- It includes specific elements to make green claims more trustworthy and transparent. The guidance addresses false, unclear, unintelligible, or ambiguous information, including claims related to the circular economy.

- It will help consumers to be protected from misleading and unfounded commercial information. Misleading claims can result in consumers losing confidence in labels and in companies being discouraged from making truthful and relevant claims, altogether hampering the circular economy. The revised guidance integrates the input from a multi-stakeholder group on environmental claims consisting of representatives of national authorities, European business organisations, consumer associations and environmental NGOs.
Stepping up enforcement of the revised Waste Shipment Regulation

- The Commission adopted an implementing act setting out a preliminary correlation table between customs and waste codes. This new tool will help customs officials identify waste crossing EU borders illegally, for instance labelled as secondhand goods. It will strengthen the enforcement of the Waste Shipment Regulation and will help to prevent the leakage of valuable raw materials out of the EU.
Good practices in waste collection systems

• The Commission has been identifying and promoting good practices for separate waste collection across EU Member States. The Commission has reviewed the state of implementation of separate collection in the EU Member States, including an assessment of the legal framework and the practical implementation of separate waste collection systems. Based on this assessment, the review led to a set of recommendations addressing different levels of decision-making.

• Horizon 2020 is supporting this work stream by financing a number of concrete projects in this area.
Water reuse

• The aim - to better integrate water reuse in water planning and management. As water scarcity has worsened in some parts of the EU, the reuse of treated wastewater in safe and cost-effective conditions is a valuable but underused means of increasing water supply and alleviating pressure on resources.

• Facilitating water reuse in agriculture will also contribute to recycling of nutrients by substitution of solid fertilisers. An Inception Impact Assessment addresses minimum quality requirements for water reuse in irrigation and aquifer recharge.
Construction and demolition

• The Commission proposed an industry-wide voluntary protocol on the management of construction and demolition waste. The aim of the protocol is to improve the identification, source separation and collection of waste, as well as logistics, processing, and quality management. The protocol will thus increase trust in the quality of recycled materials and encourage their use in the construction sector.

• Based on volume, construction and demolition waste is the largest waste stream in the EU. The Waste Framework Directive 2008/98/EC establishes a target of 70% of construction and demolition waste to be recovered by 2020.

One obstacle is the lack of confidence in the quality of construction and demolition recycled materials. Horizon 2020 is also supporting several innovation projects in this area.
Biomass and bio-based products

• The Commission adopted sustainability criteria for all bioenergy uses. In order to limit pressure on limited biomass resources, the Commission proposed that only efficient conversion of biomass to electricity should receive public support. This will facilitate synergies with the circular economy in the uses of biomass and particularly wood, which can be used for a range of products as well as for energy.
Support for circular economy through cohesion policy funds and smart specialisation strategies

• The Commission undertook targeted outreach activities to assist EU Member States and regions in the uptake of cohesion policy funds for the circular economy.

• Many regions have identified priorities related to the circular economy in their Smart Specialisation Strategies, which guide their investments in research and innovation through cohesion policy. In 2016, new thematic smart specialisation platforms have been launched helping these regions to cooperate with others along value chains on topics such as industrial modernisation, agri-food and energy.
How does EU funding concretely support the circular economy?

• EU cohesion policy has provided policy implementation support relevant to the circular economy (e.g. EUR 6bn for waste management in 2007-13).

• In the current funding period (2014-2020), ex-ante conditions for funding are in place to ensure that new investments in the waste sector are consistent with the waste management plans designed by Member States to meet their recycling targets. The EU support for the 2014-2020 period for innovation, SMEs, low carbon economy and environmental protection amounts to EUR 150 billion and many of these areas are contributing to the achievement of a circular economy.

The Circular Ocean INTERREG project promotes the green economy by finding solutions to re-use plastic waste, such old fishing nets and ropes, and to drive eco-innovation.

Horizon 2020 is contributing €8.8 million to the RESYNTEX project will demonstrate how new reprocessing technology will increase resource efficiency by valorising textile waste into usable industrial feedstock while ensuring its market acceptance.

LIFE programme has been supporting projects relevant to the circular economy since 1992 with over 670 waste reduction, recycling, reuse projects total to over EUR 1 billion of EU funding.
Research and Innovation: Industry 2020 in the circular economy

• The Horizon 2020 Work Programme 2016-17 invests €650 million in a Focus Area on "Industry 2020 in the circular economy" which grants funds to demonstrate the economic and environmental feasibility of the circular economy approach, and at the same time give a strong impetus to the re-industrialisation of the EU.

• In 2016, multiple calls were opened under the focus area, including one dedicated to large-scale projects for systemic, eco-innovative approaches for the circular economy and to water in the circular economy. Additional calls have also been launched in 2016, within the framework of the Public Private Partnerships on "Factories of the Future", "Sustainable Process Industries" and "Bio-based Industries" to help develop and deploy the necessary key enabling technologies to support EU manufacturing across a broad range of sectors.
Technology services to accelerate the uptake of advanced manufacturing for clean production by manufacturing SMEs

• On 8 November 2016, under Horizon 2020, the Commission published a call to establish a one-stop shop access for SMEs to access technology services and/or facilities in the field of advanced manufacturing for clean production. Despite Europe’s good patenting and trade performance, the uptake of advanced manufacturing solutions by European companies remains a challenge.

• Many SMEs lack the resources or competence to integrate innovative advanced manufacturing technologies related to clean production. The aim of the call is to provide access to this one-stop shop to a critical mass of manufacturing SMEs, over a period of three years, to enable them to integrate innovative advanced manufacturing technologies into their production process and make informed decision for further investment.
How does the Commission support SMEs in their transition towards a circular economy?

• The Commission has supported SMEs in their transition to the circular economy through the continued implementation of the Green Action Plan for SMEs. EU funds have also supported thousands of SMEs in the past decades, boosting resource efficiency, energy efficiency and innovation in manufacturing and production. This support to SMEs continues from the cohesion policy funds in the 2014-2020 period.

• A European Resource Efficiency Excellence Centre for SMEs started operating in January 2017. The Centre will include a self-assessment tool and provide networking opportunities and support activities to SMEs and their support organisations. A pilot project financed by the European Parliament and executed by the Commission will provide practical capacity building to SMEs in the area of circular economy and eco-innovation starting from February 2017.
Key initiatives for 2017

The 2017 Commission Work Programme confirms the full commitment to ensure the timely implementation of the Circular Economy Action Plan.
What measures will the Commission take next?

• This will include the presentation of a strategy for plastics in the circular economy, an assessment of options for the improved interface between chemicals, products and waste legislation, a legislative proposal on water reuse and a monitoring framework on circular economy.
The **strategy for plastics** will improve the economics, quality and low rate of plastic recycling and reuse, it will address the significant leakage of plastics into the environment, in particular the oceans, and the high dependence on fossil-fuel as feedstock (more than 90% of plastics today are still produced from fossil fuel feedstock).
The initiative addressing the interface between chemicals, products and waste legislation will notably address the traceability of substances of concern in products and their traceability in recycled materials and difficulties in the application of EU waste classification methodologies.
The **legislative proposal on water reuse** will set minimum requirements for reused water for irrigation and aquifer recharge. It aims to encourage efficient resource use and reduce pressures on the water environment and increase the recycling of nutrients contained in waste water. It will complement the existing EU water policy.
The **circular economy monitoring framework** will assess progress towards a more circular economy and the effectiveness of action at EU and national level. The monitoring framework will build on existing EU Scoreboards on Resource Efficiency and on Raw Materials, and include other meaningful indicators that capture the main elements of the circular economy. It will be aligned with the monitoring of the Sustainable Development Goals.
New action: How will the Circular Economy Finance Support Platform work?

The Platform will bring together representatives of the Commission, the European Investment Bank (EIB), National Promotional Banks, institutional investors and we will strive to include Member State ministries, NGOs and other key Circular Economy stakeholders. It will have a three-pillar structure to facilitate and support circular economy financing needs.
• **Pillar I – Circular Economy coordination and awareness raising:** This will identify opportunities, raise awareness and share best practices amongst potential project promoters and other stakeholders. Furthermore, it will analyse the characteristics of circular economy projects and their particular financing needs, provide general recommendations on structuring and improving bankability of circular economy projects, and coordinate activities regarding financing of the circular economy. It will also disseminate information on financing of and investments in the circular economy.
• **Pillar II - Circular Economy Advisory:** As a first step, the capacities and capabilities of existing advisory services in the EIB like the Innovation Finance Advisory, European Investment Advisory Hub (EIAH) and EIB in-house experts, as well as existing advisory services outside the EIB, will be mobilised. It will focus on providing support to development and structuring of projects and improving their bankability. The advisors will provide financial and technical expertise to potential Circular Economy project promoters, and proactively make potential project promoters aware of financing opportunities.
• **Pillar III – Circular economy financing:** Existing Commission and EIB financial instruments - such as the European Fund for Strategic Investments (EFSI) and InnovFin EU Finance for Innovators initiative backed by Horizon 2020– may be used to finance circular economy projects when they meet existing eligibility criteria. In addition, if justified, the possible need for new, dedicated financial instruments for circular economy projects will be assessed.
Key elements of the revised waste proposal include:

- A common EU target for recycling 65% of municipal waste by 2030;
- A common EU target for recycling 75% of packaging waste by 2030;
- A binding landfill target to reduce landfill to maximum of 10% of municipal waste by 2030;
- A ban on landfilling of separately collected waste;
- Promotion of economic instruments to discourage landfilling;
- Simplified and improved definitions and harmonised calculation methods for recycling rates in the EU;
- Concrete measures to promote re-use and stimulate industrial symbiosis - turning one industry's by-product into another industry's raw material;
- Economic incentives for producers to put greener products on the market and support recovery and recycling schemes (eg for packaging, batteries, electric and electronic equipments, vehicles).