



European Economic and Social Committee

NAT/651
**The circular economy in
the EU**

Brussels, 10 December 2014

OPINION

of the

European Economic and Social Committee

on the

Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions on Resource efficiency opportunities in the building sector

COM(2014) 445 final

on the

Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions - Towards a circular economy: A zero waste programme for Europe

COM(2014) 398 final

and on the

Proposal for a Directive of the European Parliament and of the Council amending Directives 2008/98/EC on waste, 94/62/EC on packaging and packaging waste, 1999/31/EC on the landfill of waste, 2000/53/EC on end-of-life vehicles, 2006/66/EC on batteries and accumulators and waste batteries and accumulators, and 2012/19/EU on waste electrical and electronic equipment

COM(2014) 397 final - 2014/0201 (COD)

Rapporteur: **An Le Nouail Marlière**

On 16 July 2014, 28 July 2014 and 20 October 2014 respectively, the Commission, the European Parliament and the Council decided to consult the European Economic and Social Committee, under Articles 43(2) and 304 of the Treaty on the Functioning of the European Union, on the

Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions on Resource efficiency opportunities in the building sector

COM(2014) 0445 final

and on the

Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions - Towards a circular economy: A zero waste programme for Europe

COM(2014) 398 final

and on the

Proposal for a Directive of the European Parliament and of the Council amending Directives 2008/98/EC on waste, 94/62/EC on packaging and packaging waste, 1999/31/EC on the landfill of waste, 2000/53/EC on end-of-life vehicles, 2006/66/EC on batteries and accumulators and waste batteries and accumulators, and 2012/19/EU on waste electrical and electronic equipment

COM(2014) 0397 final – 2014/0201 (COD).

The Section for Agriculture, Rural Development and the Environment, which was responsible for preparing the Committee's work on the subject, adopted its opinion on 12 November 2014.

At its 503rd plenary session, held on 10 and 11 December 2014 (meeting of 10 December), the European Economic and Social Committee adopted the following opinion by 129 votes to 3 with 5 abstentions.

*

* *

1. Conclusions and recommendations

- 1.1 The Committee welcomes the two communications and the package of amendments to the waste directives and supports the campaign to make all businesses and consumers aware of the need to phase out the current linear economic model of "take, make, consume and dispose" and accelerate the transition to a circular model that is restorative by design and aims to rely on renewable energy, in order to minimise the use of natural resources.

- 1.2 The Committee endorses the objective of establishing an enabling framework for this transition covering the entire lifecycle of products, from raw material supply to eco-design, retailing, business models and consumption patterns, re-use and re-manufacturing, and the use of waste as a resource.
- 1.3 However, the Committee regrets that the specific proposals put forward by the Commission focus too much on waste policies and legislation while similar specific proposals "upstream" aimed at improving the entire lifecycle of products are missing. The EESC expects the Commission to submit both a roadmap for such measures with clear indications of timeline, process and budgets, as well as proposals concerning the use of innovative financing instruments, such as green bonds.
- 1.4 The Committee calls on the Commission to integrate the enabling framework for a circular economy with other European policies, such as energy and climate policy and industrial policy, including the EU re-industrialisation objective. The EESC supports the complementing of the Europe 2020 headline targets with a resource efficiency target as suggested by the European Resource Efficiency Platform and considered in the Communication *Towards a circular economy*.
- 1.5 Although the Commission has considered the general employment benefits and also launched a Green Employment Initiative in the circular economy policy package, the Committee regrets that the opportunity to investigate more specifically the impact, risks, and benefits for employment has not been used. In particular, no consideration has been given to the employment potential in waste prevention, re-use and re-manufacturing. On the other hand, more attention should be paid to ensuring decent working conditions and to improving health and safety standards for the workforce involved.
- 1.6 The framework proposed by the European Commission should share the work involved in promoting awareness and changing behaviour fairly between stakeholders: looking to the future, achieving scientific progress, introducing innovative applications, and safeguarding Europe's competitiveness and the common interest should all be kept in balance.
- 1.7 Consumers and producers must be made aware of their responsibilities. Consumers must be informed so that they can make responsible purchases, traceability must be optimal and producers must be held accountable.
- 1.8 Phasing out the landfilling of recyclable waste, and higher waste recycling targets, as proposed by the Commission, are preconditions for the shift towards a circular economy and should be pursued. The Commission should also bring the public on board by ensuring that targets are credible: they need to be acceptable, high-quality and proportionate.

- 1.9 The Committee also welcomes the Commission's measures to improve the implementation of EU waste laws, in particular by introducing better monitoring and governance instruments. If the EU is to go from recycling 42% of municipal waste now to 50% in 2020 and 70% in 2030, it will need to guarantee that certain countries try harder and apply advanced waste management solutions. Steps should also be taken to improve the quality of initial products and their components and the quality of the recycling process as a whole.
- 1.10 The Committee points out that the Commission proposals fail to make use of the waste hierarchy set out in the Waste Framework Directive, which defines an order of priority of waste prevention; preparing for re-use; recycling; other recovery (energy); and disposal. A thorough investigation of the option of waste prevention targets and other waste prevention measures is missing, apart from a non-binding food waste reduction target. In the long term, the total volume of materials consumed and residual waste should be brought under control and reduced for the sake of the environment.
- 1.11 In the same way as re-use (on the product level), multiple recycling (on the material level) saves primary raw materials, energy consumption and greenhouse gas emissions. The revision of the waste package now offers a unique opportunity to embrace the principle of multiple recycling for permanent materials.
- 1.12 The circular economy should not gauge its merits solely on the basis of waste produced; it must also encourage people to protect material and human resources along the entire length of the value chain and seek to eradicate all processes which represent a danger to the environment or people.
- 1.13 The Committee recommends that the policy package be complemented with measures specifically supporting the preparation of used products for re-use. Placing preparation for re-use at the same level as recycling, as the Commission does in its recycling targets, fails to respect the waste hierarchy. Short circles must be given priority. Re-use of products, preparation for re-use and re-manufacturing can make best use of the value embedded in products, and increases opportunities to retain value chains in the EU, support territorial development and create jobs.
- 1.14 Following this approach, the EU should also encourage all Member States to turn their waste plans into territorial circular economy plans focusing on measures to promote material resource savings and safeguard human well-being.
- 1.15 Finally, the Committee also recommends broadening the sectoral approach in order to promote the circular economy.

2. Introduction

2.1 On 2 July 2014, the European Commission published a package of five proposals¹ comprising:

- a) the communication *Towards a circular economy: A zero waste programme for Europe* (COM(2014) 398 final);
- b) the proposal for a new directive amending Directives 2008/98/EC *on waste*, 94/62/EC *on packaging and packaging waste*, 1999/31/EC *on the landfill of waste*, 2000/53/EC *on end-of-life vehicles*, 2006/66/EC *on batteries and accumulators and waste batteries and accumulators*, and 2012/19/EU *on waste electrical and electronic equipment* (COM(2014) 397 final);
- c) the communication on *Resource efficiency opportunities in the building sector* (COM(2014) 445 final);

and the following two documents, to which the EESC will dedicate a separate opinion²:

- d) The Green Action Plan for SMEs (COM(2014) 440 final);
- e) The Green Employment Initiative Communication (COM(2014) 446 final).

The Commission has also announced the further publication of a communication on sustainable food.

3. General comments

3.1 How can we produce goods and services while at the same time limiting the amount of raw materials and non-renewable energy sources that we consume and waste? One thing is clear: throughout the history of 20th century industry, the costs of extracting and exploiting natural mineral and energy resources have steadily fallen, largely due to gradual gains in productivity.

3.2 Now, at the dawn of the 21st century, this linear model is not only faltering but risks becoming untenable over the long term owing to the planet's dwindling natural resources. Danger levels have already been reached: it is no longer time to think about how we can change the economic model; we need to introduce a new one as a matter of urgency.

3.3 Extraction, production, consumption, disposal and recycling: a profound change is needed to ensure the self-sufficiency of communities and their social and sustainable development in the long term.

¹ <http://ec.europa.eu/environment/circular-economy/>.

² EESC opinion 2014/5003 (not yet published in OJ)

- 3.4 Almost all human societies are currently driven by a predatory development model that is, to coin a phrase, somewhat out of control, with scant regard for those communities that are most vulnerable to the exploitation or over-exploitation of their resources, the unexpected impact of climate change and pollution, and the risk to future generations.
- 3.5 We should all question this model, which has been shaken by the global financial, economic, social, political, energy, ecological and environmental crisis.
- 3.6 With a view to reversing methods of production and consumption, the European Commission, through its circular economy approach, is opening up prospects which will involve the whole of society, and yet their implementation remains in the balance.

4. **Specific comments relating to COM(2014) 398 final**

- 4.1 The communication "Towards a circular economy" explains the general concept of the circular economy and describes the benefits in terms of economic development and employment.
- 4.2 Its **general objectives** are clear, and it is imperative that we make progress towards achieving those objectives. Our production and consumption model needs to be overhauled; we must use fewer resources and materials and so use them more rationally.
- 4.3 The key point is knowing how to achieve these objectives and how they fit into an overarching and comprehensive policy framework. Market failures and imperfections can and must be tackled in a variety of ways: market incentives (price and tax signals), regulation (setting binding targets and allowing players to decide how to achieve them) and standards imposed on players.
- 4.4 An **overarching policy framework** also supposes that all the necessary conditions (economic, social, employment, health and safety) will be met.
- 4.5 The Commission communication states that it aims to define "an enabling policy framework in order to promote design and innovation for a circular economy, unlock investment and harness action by business and consumers".
- 4.6 **Creating a framework to support the circular economy**
 - 4.6.1 The Committee endorses the principle of establishing a framework to support the circular economy in cooperation with all stakeholders. This framework must provide scope for the development of a new economic model which will gradually replace the predominant model of linear economic growth. Moving towards a circular economy requires an overarching approach covering the entire lifecycle of products, from raw material supply to eco-design,

retailing, business models and consumption patterns, re-use, re-manufacturing, and waste recovery and disposal. The Commission communication follows such an overarching approach in principle. In practice, however, its approach is not balanced, since concrete policy proposals are mainly restricted to the waste sector. The Commission merely announces the development of an enabling framework for the circular economy in the future³, without giving any clear indication of timeline and process. We expect the Commission to submit a clear and transparent proposal for this work without delay.

4.6.2 The concept of a circular economy is based on a whole-life-cycle analysis of the use of resources. It promotes recycling, substitution of certain resources, durability and reuse of products, reduction of waste across the chain, including at source, eco-design of goods and services, new business models, etc. It introduces new forms of governance including all civil society players. The Committee calls on the Commission to produce a detailed policy strategy on the transition to a circular economy. It also expects the Commission to be less vague in its policy proposals on the promotion of eco-design, innovation and stimulating investment, and to present clear proposals, including information about the budget that will be allocated to supporting circular economy activities and about the use of innovative financial instruments, such as green bonds. The Commission should therefore continue its work and:

- a) clarify the relationship between this new framework and other European policies, particularly reindustrialisation policy (raw materials, innovation, health and safety for workers, transport, etc.) and energy and climate policy;
- b) include resource efficiency targets in the revised Europe 2020 strategy, taking account of suggestions made by the European platform on resource efficiency;
- c) identify more specific measures to bring about a real change in production and consumption patterns, building in the necessary reduction at source in the use of certain resources (given their rarity or toxicity), the shift towards a less materialistic, more cooperative society, and improvements in the well-being of workers and society at large.

4.6.3 With this goal in mind, the Committee would point to its opinion of April 2012 on *The promotion of sustainable production and consumption in the EU*, which called for "the development of a renewed, joint vision of the economic model, including consultations [...] with all sectors of organised civil society"⁴.

4.7 Defining the scope

4.7.1 The approach to developing the circular economy taken by the European Commission does not indicate how this is to be done at local and regional level. The Committee considers that any circular economy strategy should be drawn up with a territorial hierarchy dimension,

³ COM(2014) 398 final, page 3.

⁴ [OJ C 191, 29/6/2012 p. 6-11.](#)

from local authorities to the global level, including regional, national and European, with short circle and supply chains given priority everywhere and whenever possible.

- 4.7.2 The potential social and economic benefits of the circular economy can first be perceived at strictly local level (sustainable neighbourhoods, green towns) and then in the (EU's) regions, before being introduced at national and international level.
- 4.7.3 The fight against international social and environmental dumping and thus potential small-scale relocation of a large proportion of the economy both form part of this local-level approach. Optimising waste management comprises a number of initiatives by local and regional leaders: organising selective collection, setting up waste collection and recycling centres and repair-resale-reuse networks, etc. For proper management of biowaste, short supply chains should clearly be given priority, including as far as job creation is concerned.
- 4.7.4 Following this approach, the EU should encourage the Member States to gradually develop their waste plans into territorial circular economy plans.

4.8 **Controlling the socio-economic impact**

- 4.8.1 While the Commission's package does indeed link up the environmental (waste management) and the economic (green jobs; SME action plan), it does not systematically pin down:
- the employment potential arising from the various stages of implementation of the waste management hierarchy, especially prevention and preparation for reuse;
 - the employment potential inherent in the various innovative developments that the circular economy can bring about (eco-design, industrial symbiosis, a functional or sharing economy, etc.);
 - the health and safety implications of economic activities potentially arising from the development of the circular economy.

4.9 **Completing the sectoral approaches**

- 4.9.1 The new circular economy strategy should do more to shape the sectoral approach to waste, and the Committee would also like to see sectoral developments outside sustainable construction.
- 4.9.2 The Committee considers that the sectoral approach should be broadened to include proposals not only concerning sustainable food and sustainable construction, but also other sectors such as manufacturing.

5. Specific recommendations relating to document COM(2014) 397 final

5.1 A legislative proposal which needs to be expanded

5.1.1 The Committee supports the broad thrust of the amendments aimed at:

- increasing recycling rates for municipal waste and packaging and reducing landfilling of certain wastes;
- introducing an early warning system to monitor compliance with the recycling targets;
- setting minimum operating conditions for extended producer responsibility, standardising definitions;
- streamlining reporting obligations.

5.1.2 However, certain complementary options (such as setting specific targets for prevention and reuse, or mandatory "take back" schemes for some products) seem to have been rejected out of hand by the impact assessment. The Commission proposals fail to respect the waste hierarchy as set out in the Waste Framework Directive⁵, with an order of priority of waste prevention, preparing for re-use, recycling, other recovery and disposal.

5.1.3 Article 9(c) of the Waste Framework Directive requires the Commission to submit a report to the European Parliament and the Council accompanied, where appropriate, by proposals for measures required to set waste prevention and decoupling objectives for 2020, together with waste prevention indicators. Since waste prevention is an integral part of the circular economy, this report should have been submitted with the circular economy package. The impact assessment accompanying the current set of measures on the circular economy indicates that the idea of setting an overarching waste prevention objective was rejected, without providing detailed analysis on this point.

5.1.4 Similarly, **eco-design of products and services** does not seem to be sufficiently guaranteed. This could be done by means of:

- specific clauses to be included in **public procurement**;
- requirements that certain products should be given preference over others;
- obligations to incorporate a certain percentage of recycled materials in products;
- economic incentives for reusable, if not recyclable products (such as VAT reductions);
- etc.

⁵ [OJ L 312/3 28/11/2008](http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32008L0312).

5.1.5 The Committee considers that **planned obsolescence** should be tackled by means of a strategy incorporating technological, business, regulatory, educational and information aspects⁶.

5.2 **Targets to be completed**

5.2.1 Prevention targets are practically a necessity for the proper application of the waste hierarchy, as already pointed out by the European Parliament, the Committee of the Regions and a European Court audit. The Commission should develop such targets based on the national prevention programmes submitted by the Member States.

5.2.2 The target of 10% less municipal waste proposed by the Committee of the Regions should be analysed carefully⁷. Drawing on national and regional experiences of capping household waste, consideration should also be given to setting a limit at European level (around 200-300 kg per person per year).

5.2.3 *Municipal Waste* (Art. 3 Waste Framework Directive) should be strictly defined as household waste and not enlarged to Commercial and Industrial Waste or Waste collected by extended producer responsibility schemes in order to ensure clear definition of roles and responsibilities;

5.2.4 *Commercial and Industrial Waste* should be defined as waste not considered as household waste in view of defining a separate recycling target;

5.2.5 *Backfilling* should not be defined as always being a "recovery" operation, and this technique should be banned for hazardous waste and limited to Construction and Demolition Waste (Art. 3 Waste Framework Directive);

5.2.6 The Commission's proposal for a prevention target limited to food waste should include, or be linked with, a target for **reducing packaging**.

5.2.7 The Committee recommends that the policy package be complemented with measures specifically supporting the preparation of used products for re-use. Placing preparation for re-use at the same level as recycling, as the Commission does with its recycling targets, does not comply with the waste hierarchy. The refurbishment of products and product parts provides not only significant scope for more efficient use of products and materials, but also important opportunities for job creation at local and regional level. Furthermore, preparation for reuse (e.g. the preparation for re-use of packaging and electrical/electronic equipment, or even other

⁶ [OJ C 67, 6.3.2014, p. 23–26](#)

⁷ <http://cor.europa.eu/en/news/regional/Pages/cities-and-regions-eu-waste.aspx>.

goods such as toys and napkin liners) should not be treated in the same way as recycling: a separate target (for instance around 5%) should apply.

- 5.2.8 The legislative proposal plans to increase recycling/re-use of municipal waste to 70% in 2030; increase packaging waste recycling/re-use to 80% in 2030; phase out landfilling by 2025 for recyclable waste; reduce food waste generation by 30% by 2025. These targets are crucial and must be upheld.
- 5.2.9 Targets must be an integral part of the business models implemented by economic players (particularly in the packaging and trade sectors), who should find the most effective method of reaching them. However, it is imperative to ensure that this necessary transition is carried out in compliance with other, equally important principles and criteria. The key concern is for the working conditions and health and safety standards of the workers involved. Owing to the difficult working and unstable employment conditions and the health and safety risks which prevail, the packaging and waste management sectors are particularly vulnerable. Steps must be taken to guarantee that these ambitious targets are met without any deterioration in working conditions; on the contrary, working conditions should improve⁸.
- 5.2.10 A **financing framework for local authorities should be developed**: the economic conditions should enable local authorities to meet the set targets by having access to the necessary financing. If public authorities are constrained by rigid rules on debt, any additional investment needs, for instance, in waste management, will inevitably reduce spending on other key activities. The policy framework must guarantee a **suitable financial framework**, if necessary with the help of specific budgets like the EU Structural Funds and the money available for Europe 2020.
- 5.2.11 As regards reducing food waste, food safety must not be sacrificed and compliance with consumer protection standards must be ensured. In this respect, **consumer protection organisations and food safety bodies** must be involved and consulted.
- 5.2.12 Food waste consists of organic raw materials, which should, on as large a scale as possible, be either processed or be returned to agricultural production in an unchanged state. Certain kinds of food waste are by nature particularly suited for re-use, either as animal feed or as soil fertiliser. As present this is prevented by a number of restrictive rules. The EESC therefore recommends that the Commission consider whether these restrictions are appropriate.

6. **Specific comments relating to COM(2014) 445 final**

- 6.1 The communication on resource efficiency opportunities in the building sector is meant to promote a reduction in the sector's overall environmental impact throughout the life cycle. It

⁸

For detailed observations on waste management, see issue 2014/9 of HesaMag published by the European Trade Union Institute (ETUI): <http://www.etui.org/en/Topics/Health-Safety/HesaMag>.

proposes a set of indicators for assessing buildings' environmental performance to enable designers, manufacturers, contractors, authorities and users to make informed choices. A transparent system of indicators is vital, particularly **standardised statistics** and a set of comparable, user-friendly indicators.

6.2 The circular economy package should include suitable demand-based pull measures, which would provide scope for the establishment of a self-sufficient market in secondary raw materials (for example, products containing a minimum amount of recycled materials). We must create a situation in which waste can be traded as a raw material with good market liquidity, at an appropriate economic, human and environmental price. This would be the best incentive for the collection of waste.

6.3 **Challenges for product classification – prevention of serial claim risk**

6.3.1 Preventing serial claims is a major challenge for insurance companies: a defect in an item of which tens of thousands of copies are made can give rise, directly and indirectly, to repair costs amounting to tens or even hundreds of millions of euros. For example, some of the serial claims of the last twenty years have been the result of chemical incompatibility between the different components of a given building product.

6.3.2 This type of serial claim is generally due to a reaction which develops over time following interaction with external parameters (such as humidity or temperature). Some of these claims can also be linked to imported products, certain characteristics of which had not been initially indicated properly.

6.3.3 Using recycled materials when manufacturing building materials is not inherently an obstacle. However, full knowledge of the physical and chemical characteristics of the material to be recycled is vital in order to prevent any danger of incompatibility when it is reused. The difficulty lies in properly defining and classifying the material to be recycled and ensuring that there are no variations within the batch of products to be reused.

6.3.4 The revision of the waste package offers a unique opportunity to embrace the principle of multiple recycling in order to stimulate resource efficiency. Multiple recycling occurs when materials do not degrade structurally in the recycling process, i.e. for permanent materials, but can be reintroduced over and over again to reinforce the circular economy, ensuring that functional materials are not wasted or lost in incineration or landfill. As such permanent materials are an asset available to society forever.

6.3.5 Implementing a traceability system for building materials during their first life cycle would make it easier to manage reuse; a set of rules should be developed classifying materials according to their future usage with a focus on high biodegradability and introducing quality standards.

- 6.4 The Commission should consider implementing binding provisions and penalties to avoid potential dumping, whereby materials that have become undesirable are exported outside the EU.

Brussels, 10 December 2014

The President
of the
European Economic and Social Committee

Henri Malosse
