



*European Economic and Social Committee*

**NAT/775**

**Implementation of the Circular Economy Action Plan**

## **OPINION**

European Economic and Social Committee

**Report from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions on the implementation of the Circular Economy Action Plan**

COM(2019) 190 final

Rapporteur: **Peter Schmidt**

Referral	Commission, 11/04/2019
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Bureau decision	19/03/2019
Section responsible	Section for Agriculture, Rural Development and the Environment
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Outcome of vote (for/against/abstentions)	164/2/0

## 1. Conclusions and recommendations

- 1.1 The EESC welcomes the Commission report on the implementation of the Circular Economy Action Plan (CEAP), and in particular the acknowledgement of the vital role stakeholder engagement will play in the transition to a circular economy. The Committee is also supportive of the plans to launch a European Green Deal and propose a new CEAP focusing on specific sectors, such as textiles and construction, set in the political guidelines by the Commission President elect von der Leyen<sup>1</sup>.
- 1.2 The European Circular Economy Stakeholder Platform (ECESP) is an established platform for bringing together the circular economy community in Europe. A joint initiative of the Committee and the European Commission, the Platform was created in 2017 following recommendations made in the EESC opinion on the Circular Economy Package<sup>2</sup>. The partnership of the institutions has been a key feature of the Platform's success and it is important that this partnership continues and grows for any new CEAP, to ensure civil society actors are at the heart of the transition.
- 1.3 The EESC strongly believes in the key role of the Platform to ensure stakeholder engagement – a role which should continue and be reinforced in the future. In particular, the Platform should be further developed to ensure a holistic approach to the circular economy, taking into account the interlinkages with other policy areas (e.g. energy, climate change, social policy, citizen engagement, wellbeing, social integration/inclusion, citizen/consumer rights and responsibilities etc.) and across governance levels (European, national, regional and local); and to identify obstacles to the circular economy transition, especially in key sectors such as textiles, food, construction, electronics and (micro)plastics. Evidence must be gathered on the benefits of job creation, access to services, cost savings and collaborative consumption models.
- 1.4 To reflect the increasing importance and multi-dimensionality of the circular economy, for the next mandate the Coordination Group members supporting the Platform should include other key stakeholders (e.g. from the youth and the finance sector), help develop future scenarios to strengthen the interlinkages across sectors, meet more regularly and become ambassadors for the Platform also in fora outside the circular economy community. Additional future activities of the Coordination Group could support testing circular economy solutions on the ground through pilot interventions and living labs to inform policy making. The Coordination Group has been, is, and will be integral to the success of the Platform, and should therefore be consulted concerning the policy direction for any new CEAP.
- 1.5 The EESC highlights that the circular economy transition must now be driven at national, regional and local level to be inclusive. It is important that activities be tailored to local issues, and that they capitalise on local strengths.

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<sup>1</sup> [A Union that strives for more - My agenda for Europe](#)

<sup>2</sup> [OJ C264, 20.7.2016, p. 98.](#)

- 1.6 A decentralised approach can be particularly instrumental to explore the role of the circular economy in contributing to a good life for citizens. The EESC recommends the creation of a Citizen Insights Panel to help assess citizen behaviour, motivations and barriers to engage with circular solutions. The Citizen Insights Panel would build upon and expand the existing Consumer Insight Action Panel, an initiative of members of the Coordination Group of the ECESP, dedicated to better understanding consumer and citizen engagement and accelerating change towards the circular behaviours that really matter.
- 1.7 Finance is already playing an important role in enabling the transition. To further decentralise the circular economy and localise solutions, local financial institutions should be empowered to better embrace the circular economy, for example through the extension of the European Investment Bank Circular City programme to "circular villages". Another proposal to steer the economy towards circular economy principles is to use VAT as an economic instrument to help ensure the extension of a product's lifespan through re-use and repair.
- 1.8 Acknowledging the important role played by retailers in making products more circular, a circular retail task force can help to further integrate circular economy principles along the value chain, including enabling circular behaviour. The EESC suggests that the Commission could stimulate this task force through the already existing Retail Forum. Civil society organisations and sustainable behaviour/lifestyle expert organisations should be engaged in this process to ensure citizen representation and an integrated approach to circular production and consumption.
- 1.9 Public Procurement (PP) can be a key driver in accelerating the transition. To promote a higher uptake of circular products, works and services and leverage its potential for driving circularity, it is important to institutionalise circular PP, build the capacity and knowledge of relevant stakeholders, provide legal clarity, and support implementation of circular PP. A circular public procurement training programme would be very useful. A series of market engagement workshops across Europe focussing on circularity would also be effective. The EESC recommends that to minimise and in the best case to avoid negative environmental impacts and waste creation across their whole life-cycle, Minimum Environmental Criteria for public procurement, already foreseen in EU Directives, become mandatory in all Member States.
- 1.10 Consumers' understanding and engagement is also crucial for the success of the circular economy transition. The introduction of a circular economy label could accelerate the transition and support consumers in making a sustainable choice, but should be accompanied by a Europe-wide communication campaign. Capacity building is also a key pillar to support stakeholders in understanding and becoming part of the EU transition towards the circular economy.

## **2. Circular Economy Action Plan**

- 2.1 The Europe 2020 strategy emphasises smart, sustainable and inclusive growth as a way to improve its competitiveness and productivity and underpin a sustainable social market economy. The circular economy is a key pathway to achieving this strategy and ensuring well-being for people and planet. In 2015, the European Commission published a Circular Economy

Action Plan (CEAP) to support and boost the transition from a linear economic model to a circular model in Europe.

- 2.2 The CEAP<sup>3</sup> set out an ambitious programme of 54 actions across multiple value chains, covering production, consumption, waste management, and secondary raw materials, as examples. Throughout the Action Plan, the European Commission makes reference to the involvement of, and cooperation with, stakeholders for the enabling of the transition to a circular economic model.
- 2.3 In 2016, the European Economic and Social Committee adopted an opinion on the Circular Economy Package<sup>4</sup>, with the suggestion of the creation of a platform through which stakeholders in the circular economy community could engage and share good practices, knowledge and experiences. The Committee and the European Commission together established the European Circular Economy Stakeholder Platform (ECESP)<sup>5</sup> – a virtual space that brings stakeholders together online, and in person through an annual conference. This platform is supported by a Coordination Group – a group of 24 people representing civil society organisations from across Europe who act as ambassadors for the platform.
- 2.4 In 2019, the European Commission adopted a report<sup>6</sup> on the implementation of the CEAP, presenting the main achievements under the plan and the future challenges. This report covers themes such as building a circular economy and accelerating the transition. Under the latter, the Commission makes specific reference to the need for strong stakeholder engagement. The EESC notes that the supporting documents for the report (SWD (2019) 90/91/92) are only available in English, which hinders understanding and participation at Member State level.
- 2.5 The EESC welcomes this update report, and in particular the acknowledgement of the vital role stakeholder engagement will play in the transition to a circular economy.
- 2.6 The EESC notes that the circular economy should also be included in the Energy and Climate National Plans and that the social dimension should also be more prominently highlighted in this context.
- 2.7 The EESC highlights the need for a full analysis of all material flows, in and out of the EU, as part of a wider analysis on the impact of CE on trade.

### 3. **Engaging stakeholders for a future Circular Economy Action Plan**

- 3.1 The European Circular Economy Stakeholder Platform has already become a successful and visible EU-level forum for facilitating cross-sectoral, multi-stakeholder dialogues and sharing good practices, strategies and knowledge on a wide range of circular economy topics.

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<sup>3</sup> [COM\(2015\) 614 final](#)

<sup>4</sup> [OJ C 264, 20.7.2016, p. 98](#)

<sup>5</sup> [European Circular Economy Stakeholder Platform](#)

<sup>6</sup> [COM\(2019\) 190 final](#)

- 3.2 It is now time to carry this type of successful multi-stakeholder engagement to the regional, national and local level to multiply the positive effects throughout the Member States and increase citizens' involvement. It is important that activities be decentralised, tailored to local issues, and that they capitalise on local strengths. Due to the variety of cultures and contexts across Europe, different focus areas and different industries are relevant for different countries. This is highlighted in the EESC-commissioned study on circular economy strategies and roadmaps in Europe: Identifying synergies and the potential for cooperation and alliance building<sup>7</sup>.
- 3.3 Citizen behaviour, motivations and barriers to engaging with circular solutions are equally context-dependent, raising the importance of facilitating multiple decentralised experiments to better understand and accelerate the circular behaviours that really matter. The engagements should be locally relevant, action oriented, and cater to specific implementation activities in the different countries, thereby meeting the needs and increasing the well-being of local people. This and other citizen behaviour facing strategies are currently being explored in the Consumer Insight Action Panel and it is recommended that they be further expanded.
- 3.4 A decentralised approach can be particularly instrumental to explore the role of the circular economy in contributing to a good life for citizens, by encompassing social indicators for the measurement of success of circular economy activities at the local level. Aspects such as the level of social interaction and integration enabled by sharing initiatives or the satisfaction of learning new skills for repairing products or producing your own food or clothing are a few examples of this connection.
- 3.5 This could take the form of national, regional or city stakeholder events<sup>8</sup> focusing on problems of local importance and strengthening stakeholder engagement at the local level. Key players would be local SMEs, governments, civil society organisations and especially consumers, who all come together to:
- Address specific challenges of local value
  - Define ways that CE can contribute to personal well-being
  - Identify how CE can enable happiness and increase quality of life
  - Design choices that enable citizens to lead sustainable and circular lifestyles
  - Connect to local agencies and infrastructure (or invest in new ones where lacking)
  - Create matchmaking opportunities to solve local problems
  - Engage labour unions in skill building for local employees
  - Kick-off learning hubs that will continue on after the events
  - Discuss standardisation processes like the Italian "Prassi di Riferimento"<sup>9</sup> for the circular economy.

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<sup>7</sup> [Circular economy strategies and roadmaps in Europe: Identifying synergies and the potential for cooperation and alliance building – Study](#) and accompanying EESC opinion on [Developing synergies across different circular economy roadmaps](#) (not yet published in the OJ).

<sup>8</sup> For example, the European Commission's Circular Economy Virtuous Circle Tour.

<sup>9</sup> See [UNI](#).

- 3.6 Such events and platforms will be particularly relevant in countries and regions where little circular activity is taking place. The events should spark new circular actions and engagement to ensure broader understanding and implementation of circular economy across all of the EU. Future circular economy action plans should support local stakeholders and local solutions in order to successfully implement EU strategy and improve well-being throughout all countries of Europe.
- 3.7 To spark local circular economy solutions and boost broader uptake of such practices, it is important to showcase and scale up replicable circular economy projects in different contexts – e.g. 100 circular neighbourhoods, 100 circular communities, 100 circular villages, 10 circular campuses, and 10 circular islands.
- 3.8 Finance is already playing an important role in enabling the transition. To further decentralise the circular economy and localise solutions, local financial institutions should be empowered to better embrace the circular economy – from better understanding circular principles to better supporting the transition with products, services and operations. For example, the European Investment Bank could use existing tools aimed at big cities, such as the Circular City programme, and extend it also to "circular villages". Local banks should take a more active role in this process. The interlinkages between climate change and circular economy funding should also be further explored.
- 3.9 The environmental crises are systemically intertwined with the crises of inequality, migration and democracy. These crises are born - but not only - of the enormous inequality inherent to financial capitalism, and the continuous erosion of democracy, and are results of the market society we have become. None of these crises can be adequately addressed in isolation, and a well-designed circular economy can help to mitigate the vulnerability of the economic, environmental and social system.
- 3.10 A systemic transition should also address the accompanying social and environmental challenges intertwined with the crises arising from inequality or democratic erosion. It is important to foster dialogue with the civil society organisations (CSOs) to confront the potential risks and deeper issues of a circular economy, and to build the competence of the relevant CSOs to ensure a fairer/just transition.
- 3.11 A transition to the circular economy requires stakeholders to develop new proficiencies/skills for a circular mindset and practices, ranging from deeper knowledge of material composition to improved understanding of business models and social behaviour, especially in key sectors such as textile, construction, food, electronics and (micro)plastics. It is important to develop and improve circular competences of key stakeholders, such as entrepreneurs, manufacturers, retailers, public procurers and citizens.
- 3.12 To help boost the transition, entrepreneurs, manufacturers, trade unions and consumers should be supported in developing a smart, ICT-driven circular economy. There are a number of ways to achieve this, for example through the development of smart circular economy competence centres, which could be integrated in the local hubs to foster exchange and matchmaking, or the creation of a task force with major stakeholders from the ICT sector.

- 3.13 The use of Value Added Tax (VAT) should be explored as a way to ensure the extension of a product's lifespan through re-use and repair. A number of EU Member States have already made efforts to reduce VAT on both second-hand goods as well as repair services<sup>10</sup>.
- 3.14 There is scope also to use existing frameworks that businesses are already used to, for example, environmental auditing tools such as the Eco-Management and Auditing System (EMAS), international tools such as those developed by ISO (e.g. ISO 14001 or the upcoming ISO/TC 323 on the circular economy) or the Minimum Environmental Criteria (which are defined in EU Directives but application in Member States is not compulsory).
- 3.15 Retailers are already playing an important role in making products more circular, for example by reducing packaging. Retailers could also have a strong influence on consumers' lifestyles – they decide what consumers can choose from, influence what consumers purchase and even how they use and dispose of products. A circular retail task force similar to the retail forum can help to further integrate circular economy principles along the value chain, including enabling circular behaviour, and should also be extended to citizen/behaviour and consumer organisations as well as trade unions.
- 3.16 Public Procurement (PP) is a key driver in accelerating the transition and the CEAP had set actions to facilitate the integration of CE principles in PP. Pioneering work has been carried out with lessons learned. Discussions are emerging on what circular procurement means in practice and what impactful role circular procurement could have for promoting circular economy development – e.g. as a pulling force (i.e. enlarging the market of existing circular solutions with the purchasing power) or even as a potential driving force (i.e. co-creating new solutions for satisfying the needs of the public buyers). To promote a higher uptake of circular PP and leverage its potential for driving innovation, it is important to institutionalise circular PP, build the capacity and knowledge of relevant stakeholders, provide legal clarity, and foster circular PP dialogues.
- 3.17 Circular lifestyle or circular behaviour change can be a complementary indicator to measuring the systemic circular economy transition, and show the influence of the circular economy infrastructure, business and policy on the citizen level. It is important for us European citizens to be able to consider what and how we are using, repairing and disposing of today rather than what and how we used, rented, repaired and disposed of before. Tools such as "living labs" should be created at city level. Living labs are real-life settings, such as households, organisations and even city quarters, in which circular solutions and interventions can be prototyped, tested in reality and inform circular economy strategies. Premature obsolescence should be tackled more decisively, as the EESC recommended in its opinion "Towards more sustainable consumption: industrial product lifetimes and restoring trust through consumer information". In particular, an extension of warranty at least to five years should be considered. The Consumer Insight Action Panel, in collaboration with business, NGOs and consumer organisations, is looking into solutions and models to foster lifetime warranty models.

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<sup>10</sup> [Reduced taxation to support re-use and repair.](#)



- 3.18 The circular economy is a key instrument for the achievement of the Sustainable Development Goals (SDGs) and a low carbon economy. To pace the transition to a circular economy, it is important to foster dialogue and exchange on how stakeholders can use the circular economy as a tool to achieve the SDGs or other relevant targets. To ensure that a circular and sustainable economy works for all stakeholders, employees should be supported through existing frameworks, such as vocational training, thus equipping existing and future employees with the skills to underpin the transition.
- 3.19 It is important to explore and showcase how innovation for a circular economy can boost competitiveness for a more sustainable and low carbon economy. Universities and research centres should be potential circular innovation hubs for developing, testing and diffusing innovations, as universities have good research capacity to address circular challenges. Problem-based learning and training is valuable to foster future innovators, entrepreneurs and researchers, who develop their careers in universities. Universities with a high population density and resource demand can work as living labs to test the solutions before they are launched. Pilot projects are needed to develop and demonstrate scalable circular campus approaches and solutions, and a network of circular campus can help to further promote knowledge exchange.
- 3.20 The transition to a circular economy in Europe will no doubt impact stakeholders on an international level, for example through trade agreements. By innovating to move to a circular economy, Europe can set global standards for a fairer economy that works for all of its citizens – diverse and adaptable to both rural and urban areas. This will require a local, regional and national level approach to include civil society stakeholders in the creation, development, implementation and monitoring of circular economy strategies<sup>11</sup> that work for those regions (i.e. tackling poverty, providing quality jobs and a higher quality of life, working within ecological boundaries). A good practice in this regard can be found in the Slovenian approach to their circular economy roadmap. The EESC encourages decision-makers involved in drafting circular strategies and roadmaps to take this approach.

#### **4. The role of the European Circular Economy Stakeholder Platform (ECESP)**

- 4.1 The ECESP is an established platform for bringing together the circular economy community in Europe. A joint initiative of the Committee and the European Commission, the Platform was created in 2017 following recommendations made in the EESC opinion on Closing the loop - An EU action plan for the circular economy<sup>12</sup>. The aim of the Platform is to facilitate civil society consultation, cooperation between national, regional and sectoral networks and the exchange of expertise, information and best practices. The EESC provides the secretariat for this Platform, ensuring the bridge between civil society and policy makers.
- 4.2 The Platform is supported by a Coordination Group of 24 experts from across Europe selected from civil society organisations, business and trade union representatives, think-tanks, research

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<sup>11</sup> EESC opinion on [Developing synergies across different circular economy roadmaps](#) (not yet published in the OJ).

<sup>12</sup> [OJ C264, 20.7.2016, p. 98.](#)

centres and public bodies that have a stake in the circular economy. This diverse group of stakeholders represent this European platform through their actions and roles at local, regional and national levels. These actions are successfully supported by the EESC and the European Commission through the virtual platform<sup>13</sup>.

- 4.3 The Coordination Group guides the Platform's activities, including the focus of the second day of the annual European Circular Economy Conference (with three editions so far), and its members act as its ambassadors. The Group meets formally once a year and has a mandate until 2020. The Group was established following a call for expressions of interest, and the terms of reference were set by the EESC and the European Commission. In the future, Coordination Group members should meet more regularly and/or on specific issues, and be ambassadors also outside the circular economy community.
- 4.4 The partnership of the institutions has been a key feature of the Platform's success and it is important that this partnership continues and grows for any new Circular Economy Action Plan, to ensure civil society actors are at the heart of the transition.
- 4.5 The Coordination Group of the Platform offers a pool of potential knowledge and experience at Member State level that should be viewed as advantageous by European institutions, such as the European Commission, the European Investment Bank, etc. Such knowledge and experience should be cultivated through more active involvement and consultation with the Coordination Group. The involvement of the Coordination Group has been, is, and will be integral to the success of the Platform, and should be integral to any new Circular Economy Action Plan (CEAP). Any new mandate for the Platform should reflect this, and seek to develop further the role such civil society actors have already played, for example with consumers, finance, bioeconomy, education and innovation. The Coordination Group should therefore be consulted concerning the policy direction for any new CEAP. In this context, the EESC will continue its key role of integrating stakeholders into the policy-making process.
- 4.6 The EESC's expertise in building consensus and being inclusive is critical. The important work of the Committee in providing the secretariat and the website for the ECESP is recognised and supported. This structure has been integral to the wider success of ECESP.

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<sup>13</sup> [European Circular Economy Stakeholder Platform](#)

- 4.7 The Platform's website also provides a burgeoning source of knowledge and good practices, helping the ECESP deliver a "virtual one-stop shop" for the circular economy. This crucial online tool must continue to receive appropriate institutional support and be provided with the space and resources to grow, so it can further disseminate innovative solutions, critical knowledge and key contacts to unlock stakeholders' potential towards the circular transition across Europe.

Brussels, 31 October 2019

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The president of the European Economic and Social Committee

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