At a glance

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Moving towards a circular economy

A shift towards a circular economy could deliver environmental and economic benefits. However, it faces a number of barriers and challenges. As the European Commission prepares its new proposal on the circular economy, due to be put forward by the end of 2015, Parliament is scheduled to vote on a strategic report on the topic during the July part-session.

Background

Unlike the traditional linear economic model based on a 'take-make-consume-throw away' pattern, a <u>circular economy</u> is based on reuse, repair, refurbishment and recycling, in an (almost) closed loop, where products and the materials they contain are valued highly. Moving towards a more circular economy has both an environmental and economic rationale. It could reduce pressures on the environment, with positive effects on ecosystems, biodiversity and human health. It could also increase the security of supply in raw materials, as the EU currently imports, in raw material equivalents, about half the resources it consumes. It could also deliver material cost savings to businesses (ranging from €250 billion to €465 billion per year, or 12% to 23% of their material costs, according to the <u>Ellen MacArthur Foundation</u>) and create 2 million new jobs by 2030, according to European Commission <u>estimates</u>.

However, a transition towards a more circular economy faces a number of barriers and challenges. It requires a systemic shift in consumer behaviour and business models, and could threaten a share of the 350 000 jobs in the European mining industry. Key enablers for the transition (such as markets for secondary raw materials) are still missing. There are wide differences in waste treatment methods across Member States. Such a transition would also be a significant multi-level governance challenge.

The European Commission put forward a <u>circular economy package</u> in July 2014. However, the <u>legislative</u> <u>proposal on waste</u> included in the package was withdrawn earlier this year. A new legislative proposal is expected by the end of 2015, together with an action plan on the circular economy.

Parliament's strategic report

On 17 June 2015, the Committee on Environment, Public Health and Food Safety adopted a <u>strategic report</u> on 'Resource efficiency: moving towards a circular economy' (rapporteur: Sirpa Pietikäinen, EPP, Finland). The report endorses the general approach taken by the Commission in the 2014 circular economy <u>communication</u>, and urges the Commission to put forward an ambitious proposal by the end of 2015, as it has announced. The report calls for binding targets, at EU and national level, to increase resource efficiency by 30% by 2030 compared to 2014 levels, and for a 'dashboard' of indicators to measure various aspects of resource consumption. On the expected legislative proposal on waste, the report advocates, inter alia, banning incineration of recyclable and biodegradable waste by 2020; gradually implementing, by 2030, a ban on landfilling (except for certain hazardous waste and residual waste); and increasing targets for recycling and preparation for re-use to at least 70% of municipal solid waste and 80% of packaging waste by 2030. The report also requests a review of eco-design legislation and relevant product-policy legislation, to gradually include mandatory resource-efficiency requirements, measures promoting the development of markets for secondary raw materials, compulsory green public procurement, and mobilising EU funds for resource efficiency. Parliament is scheduled to vote on the report during the July part-session.

After the Committee vote, the <u>European Environmental Bureau</u> and <u>Friends of the Earth Europe</u> NGOs welcomed the report as a strong signal to the European Commission. <u>PlasticsEurope</u> welcomed the proposed landfill ban but warned that eco-design focused on recyclability could lead to increased use of materials.