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DRAFT REPORT

on the New Circular Economy Action Plan
(2020/2077(INI))

Committee on the Environment, Public Health and Food Safety

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(*) Associated committees - Rule 57 of the Rules of Procedure

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MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION

on the New Circular Economy Action Plan (2020/2077(INI))

The European Parliament,

– having regard to the Commission communication of 11 March 2020 entitled 'A new Circular Economy Action Plan: For a cleaner and more competitive Europe'(COM(2020)0098),

– having regard to the first Circular Economy Action Plan launched in 2015 (Commission communication of 2 December 2015 entitled 'Closing the loop - An EU action plan for the Circular Economy' (COM(2015)0614)) and the actions taken under that plan,

– having regard to its resolution of 10 July 2020 on a Chemicals Strategy for Sustainability[1],

– having regard to its resolution of 15 January 2020 on the European Green Deal[2],

– having regard to its resolution of 13 September 2018 on a European strategy for plastics in a circular economy[3],

– having regard to its resolution of 13 September 2018 on implementation of the circular economy package: options to address the interface between chemical, product and waste legislation[4],

– having regard to European Parliament resolution of 31 May 2018 on the implementation of the Ecodesign Directive[5],

– having regard to Directive (EU) 2019/904 of the European Parliament and of the Council of 5 June 2019 on the reduction of the impact of certain plastic products on the environment[6],

– having regard to the revision of EU waste legislation, adopted in 2018: Directive (EU) 2018/851 of 30 May 2018 amending Directive 2008/98/EC on waste[7]; Directive (EU) 2018/852 of the European Parliament and of the Council of 30 May 2018 amending Directive 94/62/EC on packaging and packaging waste[8]; Directive (EU) 2018/850 of the European Parliament and of the Council of 30 May 2018 amending Directive 1999/31/EC on the landfill of waste[9]; and Directive (EU) 2018/849 amending Directives 2000/53/EC on end-of-life vehicles, 2006/66/EC on batteries and accumulators and waste batteries and accumulators, 2012/19/EU on waste electrical and electronic

[1] Texts adopted, P9_TA(2020)0201.
[2] Texts adopted, P9_TA(2020)0005.
[3] OJ C 433, 23.12.2019, p. 136.
[4] OJ C 433, 23.12.2019, p. 146.
[5] OJ C 76, 9.3.2020, p. 192.
[6] OJ L 155, 12.6.2019, p. 1.
[7] OJ L 150, 14.6.2018, p. 109.
[8] OJ L 150, 14.6.2018, p. 141.
[9] OJ L 150, 14.6.2018, p. 100.

equipment[10],

– having regard to the Commission communication of 26 January 2017 on the role of waste-to-energy in the circular economy (COM(2017)0034),

– having regard to the Global Resources Outlook 2019 by the International Resource Panel[11],

– having regard to Rule 54 of its Rules of Procedure,

– having regard to the opinions of the Committee on Industry, Research and Energy, the Committee on Internal Market and Consumer Protection, the Committee on International Trade, the Committee on Transport and Tourism and the Committee on Agriculture and Rural Development,

– having regard to the report of the Committee on the Environment, Public Health and Food Safety (A9-0000/2020),

A. whereas unless we reduce our use of resources, the world will be consuming resources as if there were three planets, and whereas a reduction in our overall use of natural resources and in waste is the overarching objective of the circular economy;

B. whereas up to 80 % of the environmental impacts of products are determined during the design phase;

C. whereas according to a recent study by Cambridge Econometrics, the circular economy has the potential to increase the EU's GDP by an additional 0.5 % and create around 700 000 new jobs by 2030;

1. Welcomes the Commission's new Circular Economy Action Plan; highlights the fact that the circular economy is key to reducing the overall environmental footprint of European consumption and production, and to reaching the climate goals of the Paris Agreement;

2. Underlines that the circular economy can provide solutions to the new challenges caused and highlighted by the COVID-19 crisis by reducing the vulnerability of value chains within the EU and globally;

3. Believes that a circular economy is the way for the EU and European companies to remain competitive in a global market; therefore urges the Commission and the Member States to direct investments in order to scale up circular economy initiatives; considers that the EU's economic recovery plan (Next Generation EU) should be used to put in place circular economy initiatives and infrastructure;

4. Calls on the Commission to propose an EU target for a reduction in the use of primary raw materials;

5. Highlights the opportunities to combine circular economy solutions and digitalisation; calls on the Commission and the Member States to develop policies to support new

[10] OJ L 150, 14.6.2018, p. 93.
[11] https://www.resourcepanel.org/reports/global-resources-outlook

sustainable business models based on product-as-a-service approaches;

6. Underlines the need to create economic incentives for innovation in circular solutions and calls for support for this in the new industrial strategy for Europe and the SME Strategy; emphasises the specific role that SMEs (small and medium-sized enterprises) and start-ups are playing in the transition to a circular economy;

A sustainable product policy framework

7. Underlines that sustainable products should become the norm in the EU market, and that a reduction in resource use, the retention of value in the economy, waste prevention, the 'design out of waste' and consumer benefits should guide the new sustainable product policy framework;

8. Strongly endorses the broadening of the scope of the Ecodesign Directive to include non-energy-related products and set standards for durability, reusability, reparability, upgradability, recyclability and resource and energy efficiency, and invites the Commission to present a proposal for this in 2021;

9. Encourages the Commission to propose resource efficiency and environmental footprint targets for each product category and to introduce product-specific targets for recycled content, while ensuring the performance and safety of the products concerned;

10. Supports the plan to introduce digital product passports in order to help companies and consumers to keep track of a product's environmental impacts throughout the value chain;

11. Underlines the objective to achieve non-toxic material cycles and reiterates the positions taken in its resolution on a Chemicals Strategy for Sustainability;

12. Emphasises the right of consumers to more precise and accurate information about the environmental impacts of products and services, and calls on the Commission to make proposals to substantiate green claims through solid and harmonised calculation methods;

13. Supports the planned initiatives to improve the durability and reparability of products in accordance with the waste hierarchy while strengthening consumer rights; therefore welcomes the planned initiative for a 'right to repair';

14. Underlines the need to boost the internal market for sustainable products and believes that the public sector should lead the way; supports the establishment of minimum mandatory criteria and targets for green public procurement;

15. Underlines the need to promote high-quality recycling and to maintain clean and sustainable closed material loops;

16. Urges the Commission and the Member States to support the development of new innovative technologies, in particular enhanced recycling, and digital technologies such as blockchain that can support the development of the circular economy through the tracking, tracing and mapping of resources;

17. Stresses the need to take into account the life cycle of a product and the impact of semi-finished products, spare parts and by-products throughout the value chain when setting product standards; considers that these must be set through an open, transparent, and science-based process, with the involvement of relevant stakeholders;

18. Stresses the need for policy coherence and calls on the Commission to critically review existing policies to ensure a level playing field for circular production processes and business models;

Key product value chains: electronics and ICT

19. Supports the Circular Electronics Initiative, which will address the shortcomings in durability, circular design, waste prevention, and waste collection and recycling; calls for the harmonisation of recycling infrastructure for waste electrical and electronic equipment in the EU;

Key product value chains: batteries and vehicles

20. Underlines the importance of a strategic approach to the legislative framework for batteries and vehicles in the context of the transition to clean mobility and policies on critical raw materials;

21. Calls for a new regulatory framework for batteries that includes eco-design, improved collection, reuse and recycling, recovery of valuable materials, consumer information, life cycle environmental impacts, and sustainable sourcing;

Key product value chains: packaging

22. Reiterates the objective to make all packaging reusable or recyclable in an economically viable way by 2030 and calls for the Commission to present a legislative proposal without delay, including with measures to reduce excessive packaging and promote reuse;

23. Underlines the essential role of packaging for product safety, in particular food safety, and hygiene; asks the industry, however, to commit to reducing the amount of packaging it produces and to develop more efficient and circular packaging solutions, and encourages initiatives such as the Circular Plastics Alliance;

Key product value chains: plastics

24. Urges the Commission to tackle microplastics in a comprehensive way, including by adopting a comprehensive phase-out of intentionally added microplastics and through new measures, including regulatory measures, against the unintentional release of plastics, for example from textiles, tyres and plastic pellets; stresses the need to close the gaps in scientific knowledge on microplastics;

Key product value chains: textiles

25. Underlines the importance of a new comprehensive EU strategy for textiles to promote sustainability in the EU textile sector and address the full range of environmental impacts throughout the value chain;

26. Welcomes the application of the new product policy framework on textiles; calls inter alia for measures against microfibre loss;

Key product value chains: construction and buildings

27. Calls on the Commission to fully integrate circular economy principles in the upcoming renovation wave;

Key product value chains: food, water and nutrients

28. Urges the Commission to make proposals to implement the goal of halving food waste by 2030;

29. Highlights the important role of bio-based products, including a better recovery of biowaste, in the transition to a circular carbon-neutral economy;

30. Calls on the Commission to take measures to close the agricultural nutrient loop, and to allow the increased use of recycled animal manure and other organic nutrients instead of chemical fertiliser, while taking into account the protection of the environment and ecosystems;

Less waste, more value

31. Underlines the importance of prioritising waste prevention, in line with the EU waste hierarchy, and calls on the Commission to propose specific binding waste reduction targets and targets to cap the generation of residual waste;

32. Believes that non-competitive prices and a lack of secondary raw materials are among the main barriers to a circular economy; asks the Commission to assess measures to make secondary raw materials more competitive, such as economic incentives, including rewards for CO_2 savings, tax measures, public procurement and the further application of extended producer responsibility;

33. Strongly endorses the ambition to establish a well-functioning EU market for secondary raw materials and underlines that this will require common standards; calls on the Commission to propose end-of-waste criteria for key waste streams;

34. Recalls the EU waste targets and underlines that Member States must – as a first priority – move away from landfilling waste, in line with the waste hierarchy;

Making circularity work for people, regions and cities

35. Acknowledges the important role that regional governments and local communities play in waste management; calls on the Commission to support the establishment of circularity hubs in all European regions and local communities;

Leading efforts at global level

36. Supports the Commission's ambition to revise the Waste Shipment Regulation in order to stop exporting the EU's waste problems to third countries; asks the Commission to also focus on financial incentives to limit waste exports;

37. Calls on European producers to accept responsibility when selling products in third countries and proposes that industrial stakeholders commit to waste compensation programmes through the set-up of separate collection systems;

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38. Instructs its President to forward this resolution to the Council and the Commission.

EXPLANATORY STATEMENT

By 2050, we will be consuming as if there were three planets Earth. As our natural resources are finite and our climate is changing, it is necessary to steer away from our current take-make-waste society and aim for a circular economy. Now, Europe finds itself in the midst of recovery from an unprecedented health and economic crisis, revealing the fragility of our resources and value chains. We should build on the momentum, and address hurdles that are hampering circular solutions from succeeding.

The New Circular Economy Action Plan (CEAP 2.0) is embedded in the climate goals agreed upon in the Green Deal and the Paris Agreement. While the first Circular Economy Action Plan of 2015 focused on the recyclability of products, this second one emphasises the preventive actions to undertake, specifically in waste prevention and management. The benchmark set by the Dutch government to reduce the use of resources with 50% by 2030, could be an inspiration for the EU.[12]

Not only will a circular economy decrease EU's CO2-emissions drastically, it will also stimulate economic growth and create job opportunities which Europe needs in order to recover. Estimated figures display that the CEAP 2.0 could create 700.000 jobs within the entire EU by 2030, and the EU GDP Growth would rise with 0.5%[13]. The circular economy could underpin the further digitalisation of our - society and the upscaling of a full-fledged lease economy, with the Product as a Service (PaaS) model as one of the key business models in the action plan.

Currently, the production of materials we use every day are responsible for 45% of the CO2 emissions. To transform our economy in a profound way into a circular one, we need a holistic approach, based on appropriate assessments in order to create science-based policymaking. Circularity and sustainability principles need to be ensured in all stages of the value chain to make the CEAP 2.0 a success. At the same time, innovation is key, as the circular model builds on new, often digital, technologies.

Sustainable product policy framework

The CEAP 2.0 should strive to reverse the curve of a race-to-the-bottom (down-cycling) to a race-to-the-top (upcycling). We need to look for new technologies to invest in to ensure that the quality of a recycled product has the same quality as a product made out of virgin material.

The report fully supports the target of the Commission to focus on the environmental footprint of the products, as 80% of the products' environmental impact are determined at the design phase. Therefore, this report focuses not only on resource efficiency targets per product category, but also to introduce product specific targets on recycled content, while ensuring their performance and safety, based on reliable calculation methods.

In a digitalised society, consumers and producers demand up-to-date and accurate information

[12] Nederland Circulair in 2050, https://www.rijksoverheid.nl/onderwerpen/circulaire-economie/nederland-circulair-in-2050, p.7.

[13] European Parliamentary Research Service, Circular Economy, https://www.europarl.europa.eu/thinktank/infographics/circulareconomy/public/index.html.

on the sustainability of their products and its sources. The report supports the Commission's initiatives to provide digital product passports. The environmental impact assessment should also take into account the spare parts, semi-finished products, recyclability and the life cycle impact of a product.

Empowering consumers and public buyers

Currently, only 14% of EU GDP is representing public authorities' purchasing power. The Commission should set the standard by having mandatory criteria and targets for green public procurement. In that sense, the Commission and Member States could play the role of the 'launching customer'. Another key element is the strengthening of consumers' rights with the initiative 'right to repair'.

Circularity in the production process

A circular production process should be at the heart of the EU´s industrial strategy and is a key enabler in the transition to a competitive, climate-neutral industrial base. Sustainably sourced materials have a tremendous potential and support the further development of the Bio-Economy Action Plan.

Making the production processes circular, will be heavily dependent on the development of new technologies. The Commission and the Member States must invest in innovative developments, specifically focusing on enhanced recycling and digital technologies in order to support the circular economy and enable the monitoring of resources.

The final product should not be the only focal point of investment, but investments should also be steered in the direction of semi-finished products, as they are important enablers as well.

Key product value chains

This report supports the Commission's proposal regarding the selection of seven sectors as the key value chains in the CEAP 2.0, namely electronics and ICT; batteries and vehicles; packaging; plastics; textiles; construction and buildings; food, water and nutrients. These sectors have a huge potential and will have a tremendous effect on establishing a full-fledged circular economy.

We see a strong push from SMEs and industry players to transform to a circular economy, although many of them face administrative or legislative hurdles. Furthermore, the ongoing pandemic affected the selected sectors in a profound way. The CEAP 2.0 will be a path towards a resilient recovery and a new period of economic prosperity.

Electronics and ICT

The CEAP 2.0 proposes to set up a Circular Electronics Initiative that will promote longer product lifetime through reusability, reparability and upgradability. A correct implementation of recycling infrastructure will play a key role in the development of a circular ICT industry.

Batteries and Vehicles

This report looks forward to the proposals from the Commission on the Battery Directive and

the Alternative Fuels Infrastructure Directive, particularly related to aspects regarding ecodesign, improved collection, reuse and recycling, recovery of valuable materials, consumer information, life-cycle environmental impacts, and sustainable sourcing. There is a need to implement clean mobility and policies on critical raw materials.

Textiles

A new comprehensive EU Strategy for textiles will be key to address both the environmental and social impacts of the sector. The Commission should come up with targeted measures in the sustainable products policy framework on textiles to address the presence of microplastics in textiles, as numbers vary between 1-35% in marine litter, as well as harmonised measurement and preventive systems to control the intentionally or unintentionally release of microfiber loss.

Plastics

Together with textile, tyres and pellets, plastics are the biggest contributors towards the presence of primary microplastics in the environment, whereas an even bigger share of this pollution comes from the degradation of macro-plastics released in the marine environment.

Packaging

Packaging is an essential requirement for product safety and hygiene, especially for the food and drink sector. However, considering the waste hierarchy, the policy focus should shift towards the reuse of packaging. Simultaneously, the packaging should be minimal, while guaranteeing the quality and safety of the product. This report calls also on the industry to commit to a 50% reduction of all packaging, bearing the perspective in mind to replace plastics with sustainable and renewable or recyclable material by 2030.

Construction and Buildings

The building sector is facing two challenges, happening simultaneously: rapid urbanisation and population growth will lead to an increasing amount of buildings, while the current buildings are in dire need of renovation and improvements in their energy efficiency and usage.[14] The Commission must prioritise its legislative proposals in the renovation wave and expresses its hopes that it revisits the largest waste streams, while keeping in mind the affordability and feasibility of the proposal.

Food, Water and Nutrients

This report supports the legislative initiatives to promote the reuse of wastewater in agriculture processes. The reuse of treated urban wastewater, can address the water scarcity by ensuring this reclaimed water for agricultural irrigation purposes. Besides that, the Commission should also look into the closure of the agricultural nutrient loop, and achievement the goal of halving the food waste by 2030.

Less Waste, More Value

In 2035, Europe is facing hard deadlines for the recycling target of 65% for municipal waste

[14] The Built Environment, Ellen MacArthur Foundation, https://www.ellenmacarthurfoundation.org/assets/downloads/The-Built-Environment.pdf, 2020, p. 2-3.

and a maximum of 10% landfill. The EU should set prevention targets on waste and must move away from landfilling waste where sustainable alternative waste management technologies are present.

Making Circularity Work for People, Regions and Cities

The circular economy will not thrive on a top-down approach and is in need of the local communities, regional authorities as forerunners in the implementation of CEAP 2.0. However, the Commission should promote the sharing of best practices in waste collection and new sorting infrastructure.

Leading Efforts at Global Level

At the time of writing, there are other legislative proposals that will play a key role in the rollout of the CEAP 2.0. Firstly, there is the need to implement the Basel Convention recent amendments for plastic waste trade. Secondly, the report supports the Commission's ambition to revise the Waste Shipment regulation wherein a limitation on waste shipment is considered. The Commission should consider financial incentives to halt the export. This report proposes also a new idea towards the industry to commit to waste compensation programmes in order to ensure the flow of secondary materials.