

**COMMUNICATION FROM THE EUROPEAN COMMISSION TO THE
EUROPEAN PARLIAMENT, THE EUROPEAN COUNCIL, THE COUNCIL,
THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE AND THE
COMMITTEE OF THE REGIONS – Closing the loop – An Action Plan for the
Circular Economy
COM(2015)614**

FINAL DOCUMENT

The Environment, Territory and Public Works Committee of Italy's Chamber of Deputies,

having examined the following documents pursuant to Rule of Procedure 127: the Communication from the European Commission to the European Parliament, the European Council, the Council, the European Economic and Social Committee and the Committee of the Regions – “Closing the loop – An Action Plan for the circular economy” (COM(2015) 614);

the Proposal for a Directive of the European Parliament and of the Council amending Directives 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 (2015) 593 final);

the Proposal for a Directive of the European Parliament and of the Council amending Directive 1999/31/EC on the landfill of waste (COM (2015) 594 final);

the Proposal for a Directive of the European Parliament and of the Council amending Directive 2008/98/EC on waste (COM (2015) 595 final), and;

the Proposal for a Directive of the European Parliament and of the Council amending Directive 94/62/EC on packaging and packaging waste (COM (2015) 596 final);

Whereas,

In 2014, the European Commission unveiled an ambitious plan for a recycling rate of 70% for municipal waste and of 80% for packaging waste by 2030, and for banning the landfilling of any recyclable waste from 2025;

In the wake of the objections and misgivings raised by some Member States, the European Commission withdrew its initial proposals and, on 2 December 2015, presented a new Communication;

The aims set forth in the Communication of 2015 were revised with respect to those of 2014: the target percentage of recyclable municipal waste was reduced from 70% to 65% and the percentage of packaging waste from 80% to 75%, while the ban on the landfilling of any recyclable materials by 2025 was replaced by a restriction of the amount of municipal waste that may be sent to landfill to 10% by 2030. Meanwhile, the target of increasing the productivity of resources by 30% by 2030 was eliminated, as was the target of reducing food waste by at least 30% by 2025. Several derogations were granted to a number of Member States (Croatia, Estonia, Greece, Lithuania, Malta, Romania and Slovakia) to allow for their particular difficulties in meeting the proposed targets;

Although the European Commission's new proposals are less ambitious with regard to waste targets, their scope of reference has been expanded beyond waste management, and now aim at developing an overarching policy whose ultimate aim is the creation of a "circular economy", or what the Ellen MacArthur Foundation defines as an "economy that is restorative and regenerative by design";

Considering that:

The proposal of the European Commission, which sets out the European Union Action Plan for the circular economy, puts forward an organic plan of objectives and sketches out the contours of the actions and measures necessary for their attainment;

Bringing a circular economy into being requires not only regulatory reform but also changes in manufacturing, organisation and distribution models and a cultural shift. A circular economy will have a significant impact on the life of European citizens and on the habits of millions of consumers;

The world economy, which operates according to a "linear" model of take, make, dispose, is showing clear signs of crisis which has recently taken shape in the form of a triple emergency of ecological, economic and social sustainability;

Today, we globally consume resources and generate waste well beyond the capacity of the ecosystem. In 2016, "Earth overshoot day", the day by which the resources of the planet are used up beyond sustainability, fell on 8 August. In other words, in fewer than eight months, we humans had completely consumed all the goods and services that our planet can provide in a full year (vegetables, fruit, meat, fish, wood, cotton, emissions of CO₂ and other pollutants, etc.);

Considering that:

A rapid shift from a linear to a circular economy is desirable for the following reasons:

- a) The planet's resources are limited and the current economic model is unsustainable. The reserves of several non-renewable resources, such as fossil fuels, are already severely depleted, while the most abundant and easiest to use deposits of several metals are running out;
- b) The European Union is located in the continent with the least natural availability of essential raw materials, and countries such as Italy, whose economies are based on manufacturing and high-tech production, face serious supply problems. (Italy imports 99% of its essential raw materials, in some cases from countries with deep social and political instability). The high incidence of raw material costs, which are increasing over time, severely impairs the competitiveness of the European system of production;
- c) To offset the costs of raw materials, which are reflected in the final price of products, innovative initiatives are needed to increase the productivity of the resources being used, while fresh and environmentally aware thinking about manufacturing, products and consumption is called for.

The circular economy model must be based on a systemic approach that favours so-called "enabling factors", such as, in particular, industrial symbiosis, which promotes the transfer of resources between industries in different sectors. It requires the preparation of new legislation on the end of waste, and invites us to look afresh at our cities, which can be seen almost as if they were open-cast mines, full of raw materials ripe for recovery. The circular model will entail the seeding of new marketplaces based on shared standards where raw materials can be located and traded, as well as the development of a sharing economy, eco-design and the expansion of supply chains based on materials rather than products;

According to a recent study by the Green Alliance, an ambitious strategy for the circular economy has the potential to create numerous jobs: in Italy alone the full implementation of the principles of the circular economy along the entire value chain - including the design, manufacture, use and end-of-life management of products - could lead to 541,000 new jobs compared with just 35,000 in a business-as-usual scenario;

Noting that,

In its Annual Growth Survey (AGS 2016), the European Commission underscores the importance of measures that will lead to a sustainability-based recovery of the European economy through the promotion of investment, productivity and accelerated convergence. The mooted measures include preserving and maintaining the value of

products, materials and resources so that they remain operative in the economy for as long as possible, thus minimising the production of waste;

The European Union Action Plan for the Circular Economy (COM (2015) 614) is the most detailed, ambitious and comprehensive environmental and economic policy project that the European Commission has presented in recent years;

According to a recent study, the European economy is still highly wasteful as a result of its use-dispose model of production. In 2012, for example, 60% of waste was landfilled or incinerated, and just 40% recycled or reused. In economic terms, Europe lost 95% of the materials and energy used for production and manufacturing, with recycling and energy recovery from waste accounting for only 5% of the original value of the raw materials. Even the most efficient recycling, such as of steel and paper, leads to losses of 30-75% in the value of the raw materials that form part of the original production cycle. Effectively, Europe uses raw materials only once.

Every year, the average person in the EU wastes around 180 kilograms of food, for a grand total of 100 million tons. One third of the food is lost or turned into waste, and households throw out 25% of the food they purchase;

Building construction and demolition work is the source of the greatest volume of waste in Europe. Every year the sector generates 1,000 kg of waste per head of population, which amounts to about 500 million tons across the European Union as a whole. The valuable materials contained in building waste are not always identified or recovered;

Using the ratio of total recovered material to total consumed material as a measurement of circularity, Europe in 2015 was only 20% "circular". There is therefore plenty of room for improvement, and the European Commission's Action Plan is a laudable attempt to address the issue and achieve considerable progress;

The Action Plan is also designed to bring about substantial economic benefits through the considerable cost savings that can be made on the purchase of raw materials and resources from external suppliers. It also offers enormous opportunities for technological advancement by fostering the development of cutting-edge technologies and high value-added activities, requiring new skills to be developed through sound policies for vocational training and new work opportunities;

Believing that,

The assimilation of the terms defined in the Directives on waste with those in the European Waste Catalogue (EWC) is an advisable step, because terminological consistency will prevent ambiguity and allow the compilation of comparative data on the progress made by Member States and by regional and local authorities;

The introduction of minimum operating conditions for the application of Extended Producer Responsibility (EPR) is to be commended as providing an effective tool of waste management. Minimum operating conditions promote waste re-use, prevention, recycling and recovery, while emphasising that great caution is needed in identifying a "single ideal model" of EPR that can be uniformly applied across Europe;

Minimum quality standards for food products need to be clearly determined, and a standard and homogeneously applicable procedure established across the EU for their recovery in a manner compatible with health and safety;

Further binding, independent and clearly defined targets of re-use for specific waste streams, in particular for furniture, textiles and waste electrical and electronic equipment (WEEE) should be set;

Member States should be legally bound to account for the industrial waste they produce, and that the European Environment Agency should monitor and report on industrial waste by 2020, while setting readiness targets for waste re-use and recycling;

A progressive restriction of landfilling should be introduced, and the ban on the landfilling of separately collected waste and of bio-waste supported;

The submission of implementation plans along with detailed timetables of the actions that need to be taken to meet municipal waste and landfill targets must remain mandatory, even for those Member States that have been granted exemptions;

Whereas the proposal for a directive grants the European Commission ample scope to introduce delegated acts, national legislators should try to limit recourse to the same;

Considering also that,

It is to be hoped that national and regional institutions will become involved in activities to enhance public awareness of the circular economy, including through instruments such as, for example, the "Circular Economy Forum" set up by certain Italian regions;

Targeted tax measures have enormous potential to stimulate a circular economic model, and the fiscal policies of Member States should therefore be oriented towards favouring patterns of production and consumption that further the objectives contained in the Action Plan for the circular economy;

SMEs account for more than 98% of European businesses, more than 67% of total employment in the Union and 58% of gross value added, and are therefore essential drivers of economic growth and job-creation in the field of environmental goods and services. Consequently, the instruments used to advance the circular economy will have to be attuned to the characteristics and needs of SMEs;

The European Commission's proposal appears to comply with the principle of subsidiarity, but it contains some problematic aspects with respect to the principle of proportionality;

With a view to superseding linear production practices with a circular economic model, EU law needs to be adapted to encompass basic concepts such as the "product as a service", the co-use, re-use and reconditioning of products, the regeneration of individual components, recycling, extension of the useful life of products (as opposed to planned obsolescence), circular design, "downcycling" (the conversion of existing materials into materials of lower quality or with reduced functionality), "upcycling" (the biochemical conversion of materials into new materials of higher quality or with greater functionality), composting, anaerobic digestion and industrial symbiosis. The circular model is characterised by functional interdependence in which the waste from one line of production becomes a valuable input for other lines;

Recalling the Resolution of 19 November 2014 (Doc. XVIII no. 80), adopted by the Territory and Environment Standing Committee of the Senate on the Communication from the European Commission to the European Parliament, the European Council, 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);

Recalling also the Resolution (Doc. XXIV no. 51) adopted on 30 July 2015 by the Territory and Environment Standing Committee of the Senate after considering the outcomes of the Communication from the European Commission to the European Parliament, the European Council, the Council, the European Economic and Social Committee, and the Committee of the Regions – Towards a circular economy: A zero waste programme for Europe" and the Proposal for a Directive of the European Parliament and of the Council for the amendment of the Waste Directive (2008/98/EC),

the Waste Packing Directive (94/62/EC), the Landfill Directive (1999/31/EC), the End-of-Life Vehicles Directive (2000/53/EC), the Batteries Directive (2006/66/EC), and the WEEE Directive (2012/19/EU);

Taking note of the documentation relating to the set of measures on the circular economy submitted to the Environment Committee of the Chamber of Deputies by public and private stakeholders;

expresses a

FAVOURABLE OPINION

with the following remarks:

- a) The practical implementation of the Action Plan requires a set of coordinated, comprehensive and mutually compatible actions and interventions to maximise the results that can be achieved with the available resources. Translating the ambitious goals set by the European Commission into reality will require a coherent framework of specific measures with a clear time frame and sense of direction;
- b) The European instruments and policies will need to be configured with reference to priority criteria and targets, and every resource that can contribute to the development of circular economy will have to be brought into play, which may even require revising current incentives and forms of tax relief that do not fit in with the general strategies of the Action Plan;
- c) A European- and national-level monitoring system needs to be set up to measure results, progress, and the effectiveness of the policies, so that appropriate corrective measures can be taken where necessary;
- d) A parallel European training programme should be set up to develop the skills necessary for the growth of the circular economy, enhance human capital, and expand knowledge for the identification and adoption of cutting-edge technologies and the use of particularly advanced production processes that can deliver high added value. A programme of this sort would create opportunities for new high-quality employment;
- e) Consideration should be given to launching an information campaign for the general public and businesses to encourage changes of habits and behaviours and to raise awareness of the benefits and of the potential of the proposed policies;

- f) In addition to incentives in the form of tax breaks and loans, the system of sanctions needs to be remodelled so that behaviour contrary to the aims of the Directives may be sanctioned to greater effect;
- g) General planning tools and tax policies should be used to advance the roll-out and promotion of the circular economy and, in particular, the objectives that have been set should be systematically incorporated into the annual budget cycles that form part of the National reform plans;
- h) Specific measures, especially as regards access to credit, should be designed for SMEs to enable them to exploit in full the opportunities that the circular economy will create;
- i) For the sake of promoting maximum transparency, every advantage should be taken of the opportunities offered by “green public procurement” (GPP), which entails the systematic inclusion of specific environmental criteria along with economic considerations in public tenders. A GPP system should also reduce the financial guarantees that economic operators in possession specific environmental qualifications need to provide, and thus give preference to bids from companies with ISO or EMAS certification;
- j) The design of long-life, easily repairable, reusable and recyclable products should be promoted and financed and, conversely, rapid obsolescence should be penalised;
- k) Substantive measures are needed to support research and eco-innovation for the advancement of recycling technologies in, for example, the plastics industry by focusing on the development of compostable materials and polymers (cellulose, PLA, MaterBi and other starch derivatives) that can be recycled along with bio-waste, and greater investment should be channelled into research regarding the use of CO₂ as a chemical raw material as part of the effort to close the carbon loop.
- l) We recommend setting more ambitious targets for the recycling of municipal waste and packaging, and for the reduction of landfilling;
- m) It would be useful to look at the possibility of instituting a single uniform definition of municipal waste and likewise adopting a single uniform metric for all EU Member States for quantifying the amount of waste effectively sent to recycling by setting a single point of measurement as “input into the final recycling process”;

- n) The setting of appropriate recycling targets for waste from commercial and industrial activities is a task that needs to be completed in the immediate future;

- o) We suggest the development of quality separate waste collection, since it offers the possibility of achieving ambitious targets for recycling and preparing for re-use. Consequently, an idea worth exploring is to do away with the restriction whereby separate collection systems may be put in place only where "technically, economically and environmentally feasible" and allow for some exceptions to this rule only in sparsely populated areas.