



Europe's transition to a circular economy: report card

January 2017

It is now over a year since the European Commission published its Circular Economy Action Plan. This is its second attempt to kick-start the transition to a circular economy after the withdrawal of the first package in 2014. The Commission has just published its [first report](#), reviewing progress in implementing the plan to date.

This report card is an evaluation of how well the EU is doing in key sectors on the transition to a circular economy by the Alliance for Circular Economy Solutions (ACES), a partnership of businesses and think tanks committed to ambitious circular economy policy in Europe.

Production	Progress	Delivered (although late)
	<p>There is a new ecodesign working plan after a year's wait. It includes plans to design products for material efficiency, which is a big step forward. The Commission must build on this progress to further develop ecodesign measures and ensure this remains a key priority.</p>	
	Scope	Limited range of products covered. Materials efficiency not used for selection. Policy is moving too slowly.
	<p>ACES analysis, by Green Alliance, in Better products by design, shows there are simple ways to design products to be durable, upgradeable, repairable and, eventually, recyclable. The Commission reduced its own product list out of fear of being seen to be too bold.</p> <p>It should expand the range of products covered by ecodesign, based on an integral analysis of materials and energy efficiency, and not be afraid to talk about how better design can benefit consumers across Europe. In addition, there are no proposals to drive ecodesign by using fee modulation as part of Extended Producer Responsibility.</p>	
Consumption	Labelling	No clear information to help consumers buy more 'circular' products.
	<p>Consumers need to have the right information to help them buy circular products that will save them money and preserve resources. Measures like energy labelling could include information on product durability, but a plan is needed to include energy efficient products with high raw materials consumption and establish criteria so that this can happen at European level.</p>	
	Procurement	New criteria are helpful, but need incentives and training for public authorities to make this happen.
	<p>Public procurement has huge potential to drive change by 'buying circular' at all levels of public spending. The Commission is introducing new product criteria to encourage this. Now the challenge is to apply circular procurement across all sectors, and to get the message across to public authorities that they can save money and resources by rethinking their procurement practices.</p>	

	<p>Tax</p> <p>The VAT Directive gives limited flexibility to member states to apply lower VAT rates for the repair of a specified list of goods. Sweden, for example, used this to cut VAT for bicycle, leather goods and white goods repair. But this flexibility doesn't apply to goods and services not on the list.</p> <p>We encourage the Commission and its co-legislators to use the forthcoming Action Plan on VAT to provide additional flexibility to member states.</p>	<p>The new Action Plan on VAT provides chance to put using VAT for material efficiency on the agenda.</p>
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<p>Waste management</p>	<p>Waste targets</p> <p>The draft Waste Directives have been given a boost by the European Parliament, with the Environment Committee voting to support a 70 per cent recycling target for municipal waste, and 80 per cent for packaging waste, as well as limiting landfill from municipal waste to only five per cent by 2030. It is now for the member states in the Environment Council to support this higher ambition. As our joint letter from business and think tanks argues, ambitious, binding targets to cut waste are needed, to encourage public authorities to increase recycling and reduce landfill.</p>	<p>Strong targets are proposed by the European Parliament. Member states should be similarly ambitious</p>
	<p>End of waste</p> <p>The Commission's proposed amendments are a good improvement, in that they echo earlier definitions which referred to 'waste' as a substance or object that had fallen out of the cycle of utility.</p> <p>Amendments recommended by the European Parliament complement the new definition of waste. In particular, the Commission should adopt the recommendation for "clear rules for substances or objects to be recognised as by-products and for waste that has undergone a recovery operation to be recognised as having ceased to be waste."</p>	<p>The Parliament has provided clearer rules on 'end of waste' which would promote circularity.</p>

	<p>Producer responsibility</p> <p>The problem of waste cannot be solved by putting all the burden on public authorities to reduce waste and increase recycling. Instead, we should strengthen Extended Producer Responsibility (EPR), and design out waste in the production phase. New research by Green Alliance on recycling shows that more imagination could really drive down waste in the UK and across Europe, by providing incentives for producers.</p>	<p>Draft Waste Framework Directive gives the opportunity to ensure EPR covers full waste management costs.</p>
<p>Secondary materials</p>	<p>The Commission has introduced a fertiliser regulation to encourage the use of organic fertilisers, which would help to close the nutrient cycle. There will be an initiative on chemicals and product policy, and the commission also promises action on water reuse later in 2017. But measures on quality standards are needed to create a thriving secondary materials market in Europe.</p>	<p>A good start, but measures for other product groups are needed.</p>
<p>Plastics</p>	<p>ACES' analysis on Plastics, marine litter, and the circular economy (by IEEP) shows the harm that plastic waste is causing, particularly to the marine environment. This is a problem that needs to be solved to protect our oceans and beaches.</p> <p>There is now a roadmap from the Commission on plastics and the circular economy setting some context but, if there is to be a chance of an ambitious strategy on plastics later this year, the Commission must begin to discuss its plans.</p>	<p>A slow political agenda is hindering progress on an ambitious plastics policy.</p>

Employment

[Employment analysis](#) from ACES (by Green Alliance) shows that the circular economy brings huge potential to reduce unemployment and create stable, quality jobs. Remanufacturing, the bio-economy, repair, recycling and servitisation (moving from products to services) can all drive quality job creation, but realising this potential requires ambitious, joined up policy making.

The EU has not yet properly integrated circular economy policy with its European Semester economic and employment strategy. This year's Green Week in May will focus on 'Green jobs for a greener future', so it is hoped there will be more attention paid to employment this year.

Not enough action to boost remanufacturing or to link the transition to a circular economy to EU employment strategy.

Investment

The use of investment funds such as the European Fund for Strategic Investments (EFSI) to promote circular innovation is positive, although the EU needs now to unlock private funds if the transition is to pick up pace.

Public investments must be made more accessible to SMEs which can drive innovation.

Both public and private investment is needed in circular economy initiatives.

Indicators

How well is Europe doing on the circular economy? The truth is that we can't fully answer that question, in the absence of proper indicators to measure the transition.

The Commission agrees, and plans to develop these indicators. But although they are mentioned in the action plan, they haven't been proposed yet. These urgently need to be adopted, so that we can go beyond counting initiatives, towards measuring success.

Indicator development is crucial to measuring progress.

The Alliance for Circular Economy Solutions (ACES) is a unique and powerful advocate in Europe for ambitious circular economy policy.

It is led by a group of influential British, Belgian, Dutch and German think tanks and business networks. Its goal is to use expertise from across Europe to secure policies to improve the resource efficiency and competitiveness of European economies; this will generate new jobs and revenues at the same time as driving product innovation, greater reuse of materials and new business models, and the reduction of waste.

This report is endorsed by the following organisations:



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