

## Moving forward to a circular economy—turning the challenge into opportunity

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Whether it is the piles washed on the shores of the Canary Islands, or airborne micro-plastic fragments overlaying remote mountainous regions of Europe, plastic litter has emerged as a major environmental concern for Europeans in recent years. 74 per cent of them say they are worried about the impact of plastic products on their health and 87 per cent are concerned about the impact on the environment (European Commission, 2017, p.12). The fact is: Europeans generate 25 million tonnes of plastic waste, but less than 30 per cent is collected for recycling. The good news is that the European Commission has taken the problem at heart through a series of new policies. If those measures transcend the current Commission mandate, there is a chance that this challenge will turn into an economic, moral and institutional win for the EU.

The concept of a circular economy dates back as far as the 1970s when a vision of ‘an economy in loops’ (The Product-Life Institute, 2012) was first presented - an economy, which would extend the life of products, enhance their re-use and ultimately prevent waste. In recent years, the EU has taken a new approach of concrete policies to move away from the linear economy. In 2015 the Juncker Commission proposed one of the central pieces of this new approach - the Circular Economy Action Plan - to ‘close the loop’ of product manufacturing and use. The 54 actions outlined in the plan have now been successfully delivered or are being implemented.

One of the secrets for the success of the proposal has been President Juncker’s vision of breaking the silos in the work between different departments in the Commission. The work on the Action Plan engaged several Commissioners, including two Vice-Presidents, with the aim of moving away from the ‘take, make, use and throw away’ approach, as highlighted by First Vice-President Timmermans during the first presentation of the Circular Economy Action Plan (European Commission, 2015a). Another strong point of the proposal has been its overarching character. It goes beyond reducing and preventing waste by bringing about environmental as well as economic benefits. The Circular Economy Action Plan has combined and coordinated actions linked to water reuse, eco-design of products and empowering informed consumer choice, and the biggest success of all – the Plastics Strategy.

Motivated by both internal needs and external pressure, the Commission proposed the EU Strategy for Plastics in a Circular Economy – a new, radical and comprehensive approach that was a bold attempt to reinvent the plastics economy. On the one hand, there has been the growing concern and awareness of the plastics littering, on which quick action was expected. Across the world, plastics make up 85 per cent of beach litter. At the same time, only about 6 per cent of European demand for plastics is made up of recycled plastics (European Commission, 2018a, p.6). The decision of China to restrict plastic waste imports as of January 2018 caused EU recyclable waste exports to China to decrease

by more than half - from a peak of 12.4 million tonnes in 2012 to 5.1 million tonnes in 2018 (Eurostat 2019). Initially the restrictions shifted export routes to other destination countries such as Vietnam, Malaysia, Indonesia, but subsequently those countries also introduced waste import restrictions. While it is clear that this external pressure has presented some immediate challenges for the EU, the EU institutions at the same time used it as an opportunity to steer innovation and develop global leadership in new technology and materials.

One of the objectives of the Plastics Strategy is precisely to help the EU recycling industry grow, modernise and turn these challenges into an opportunity for the future. There is huge potential for growth and for redirecting the plastic waste EU countries used to send abroad into new products and materials made here in Europe. The Strategy set the objective of achieving at least 10 million tons of recycled plastics into new products on the EU market by 2025. To assist in achieving this goal and close the existing gap between supply and demand for recycled plastics, the Commission launched the Circular Plastics Alliance of key industry stakeholders supplying and using recycled plastics, which had its first meeting in February 2019 (European Commission, 2019b). Furthermore, the Strategy sets out a clear vision with quantifiable objectives at EU level; so that by 2030 all plastic packaging placed on the EU market is reusable or recyclable. This is the first EU-wide policy framework establishing a material-specific lifecycle approach.

Probably the most visible of all actions of the circular economy plan has been the Single-use Plastics Directive – proposed and agreed on by the EU co-legislating institutions in the near-record one year<sup>1</sup>. As part of the Plastics Strategy, the Single-use Plastics Directive is the last piece contributing to a fully-fledged circular economy

of plastics tackling marine plastic pollution at its source. Following the so-called hierarchy of managing waste - “reduce, reuse, recycle” - its primary task is reducing plastic marine litter and stimulating the use of more sustainable alternatives. The legislation targets the 10 single-use plastic products most often found on Europe’s beaches and seas, as well as lost and abandoned fishing gear, which together constitute 70 per cent of all marine litter items (European Commission, 2018b, p.11). The proposed Directive follows a similar approach as the successful 2015 Plastic Bags Directive, which led to a rapid shift in consumer behaviour across Europe. The new measures will bring about both environmental and economic benefits, such as for example, by 2030, avoid the emission of 3.4 million tons of CO<sub>2</sub> equivalent; avoid environmental damages which would cost the equivalent of 22 billion euro; and save consumers a projected 6.5 billion euro (Eunomia 2018).

The new Directive, which should enter into force in all EU member states by the second half of 2021 at the latest, has proposed a ban on certain single-use products made of plastic for which alternatives already exist on the market, such as cotton bud sticks, cutlery, plates, straws, stirrers, and sticks for balloons. In addition to this, the legislation has foreseen measures to reduce consumption, for instance of food containers and beverage cups made of plastic and ‘Extended Producer Responsibility’ schemes covering the cost to clean-up litter. Despite the very broad overall approval of the legislation by various stakeholders and groups, some have nevertheless criticised the Commission, mainly over the ban. On the one hand, businesses have complained that the time to adapt was insufficient, while on the other green organisations have denounced it as not ambitious enough as the ban is targeting too few plastic items.

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It is important to realise that the circular economy is not only about making a change in societal habits and businesses' ways of production, but also about using the opportunity of this transformation to give a competitive edge to Europe's industry by stimulating innovation. A functioning 'economy in loops' can help maintain the EU's status as one of the leading markets in the world. The establishment of the circular economy has thus contributed to the broader political priorities of the Juncker Commission about boosting job creation, economic growth and investment. According to the findings of the Report on the implementation of the Circular Economy Action Plan, three years after the adoption, the Plan has accelerated the transition towards a circular economy in Europe, which in turn has helped put the EU back on a path of job creation (European Commission, 2019a, p.2).

The ECA evaluation report criticises that the figure of mobilised capital has been incorrectly calculated: 'the figure the EIB reports as having been 'mobilised' by EFSI includes all eligible investment generated by the project as a whole, regardless of the share actually mobilised by EFSI. In some cases, other sources of funding may have already been secured before the EIB became involved, and the mobilisation of the funds reported may be primarily attributable to other public financing sources.' (ECA 2019, p. 29). The ECA even accuses the EIB of double counting (ECA 2019, p. 33).

The circular economy is also associated with a low carbon economy and is an essential contribution to the EU's efforts to develop a sustainable, resource efficient and competitive economy (European Commission, 2015b, p.2). Delivering on it is thus also complementing the EU's efforts in meeting the commitments made under the COP 21 Paris Agreement. Reducing the environmental impacts of resource use and

injecting new value into waste products fosters energy savings and reduces Green House Gas emissions.

The circular economy is now an irreversible, global trend. While the current Commission has acted boldly and introduced ambitious measures, the next Commission has to ensure sustainability of action and expand on what has been achieved. Building in particular on the example of the European Strategy for Plastics in a Circular Economy, other sectors with a high environmental impact such as electronics, food and drinks or textiles could benefit from a similar holistic approach to become more circular. The transformation of the European economy into a low-impact economy that is 'closing the loop' has to be seen as a challenge and an opportunity at the same time.

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*Endnote:*

1. At the time of publication, a final procedural step of the Council sealing the trilogue agreement reached between the three institutions – European Commission, European Parliament and Council of Ministers - was still lacking.

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