Resource efficiency: moving towards a circular economy

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PURPOSE: to facilitate the transition to a circular economy guaranteeing new jobs and sustainable growth.

BACKGROUND: moving towards a more circular economy is essential to deliver the resource efficiency agenda established under the Europe 2020 Strategy for smart, sustainable and inclusive growth. **Circular economy systems keep the added value in products for as long as possible and eliminate waste.** They keep resources within the economy when a product has reached the end of its life, so that they can be productively used again and again and hence create further value.

Transition to a more circular economy requires changes throughout value chains, from product design to new business and market models, from new ways of turning waste into a resource to new modes of consumer behaviour. This implies **full systemic change, and innovation** not only in technologies, but also in organisation, society, finance methods and policies.

It is estimated that waste prevention, ecodesign, reuse and similar measures could bring **net savings of €600 billion**, or 8% of annual turnover, for businesses in the EU, while reducing total annual greenhouse gas emissions by 2-4%. However, for this to happen the market barriers that prevent these opportunities from being developed need to be overcome.

With the 2011 Roadmap to a Resource Efficient Europe, the Commission proposed a framework for action and underlined the need for an integrated approach across many policy areas and levels. The main ideas of the Roadmap are now developed in the General Union Environment Action Programme (7th EAP). The **high-level European Resource Efficiency Platform**, bringing together selected governments, businesses and civil society organisations, called for action to move to a more circular economy, which relies more on reuse and highquality recycling and much less on primary raw materials.

CONTENT: the Communication shows how a more resource efficient use of resources can offer new perspectives on growth and employment. The expected efficiency gains are innovative product design, more efficient and sustainable products and production processes, future-oriented business models and technical progress which will convert waste into resources.

The Communication underlines the following points:

Supporting design and innovation for a more circular economy: the Commission demonstrates, under the EU Research and Innovation Programme (Horizon 2020), the opportunities for moving towards a circular economy at European level with large-scale innovation projects targeted at cooperation within and between value chains.

Unlocking investment in circular economy solutions: the Commission will examine innovative financial instruments under development, such as the Natural Capital Financing Facility of the Commission and the European Investment Bank, as well as public private partnerships (PPP). It will further integrate circular economy priorities into EU funding and encourage Member States to use available EU funding in programmes and projects on the circular economy, in particular through the European Structural and Investment Funds.

Harnessing action by business and consumers and supporting SMEs: the Commission will assess the results of the Environmental Footprint pilot phase which will run until 2016 and explain how the extent of the environmental impact can be used for product and process design and applied to better inform consumers about sustainable environmental choices.

Defining waste targets for a move to a recycling society: in order to increase the economic, social and environmental advantages of a better management of municipal waste, the Commission proposes the following approaches:

- boost reuse and recycling of municipal waste to **a minimum of 70% by 2030**;
- increase the recycling rate for packaging waste to **80% by 2030**, with interim targets of 60% by 2020 and 70% by 2025, including targets for specific materials;
- ban the landfilling of recyclable plastics, metals, glass, paper and cardboard, and biodegradable waste by 2025, while Member States should endeavour **to virtually eliminate landfill by 2030**;
- further promote the development of markets for high quality secondary raw materials, including through evaluating the added value of end-of-waste criteria for specific materials;
- clarify the calculation method for recycled materials in order to ensure a high recycling quality level.

Setting a resource efficiency target: in the 7th EAP, Member States and the European Parliament agreed that the European Union should establish indicators and set targets for resource efficiency, and assess whether it would be appropriate to include a lead indicator and target in the European Semester.

The EU is already forecast to increase its resource productivity by **15% between 2014 and 2030** under a business-as-usual scenario. Policies that encourage the transition to a more circular economy that promotes the European platform for efficient resource use could lead to doubling this figure (to 30%), whilst stimulating job creation and growth.

The Commission also proposes: i) to simplify and improve the implementation of waste legislation at national level and to reduce the current disparities; ii) to adopt tailor-made approaches to address particular waste challenges (waste prevention, marine litter, construction and demolition waste, food waste, hazardous waste and plastic waste).