

AFEP's position on the "Circular Economy Package"

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Before COP21, AFEP published, in a context of a public report¹, its recommendations to develop circular economy in anticipation of the Parliament and Council's work on the « Circular economy package » published by the Commission on December 2, 2015. This package was presented the following day by Karmenu Vella, the Commissioner in charge of the Environment, at the side event organised by AFEP on the contribution of circular economy to the fight against climate change at COP 21.

Considering that AFEP is a trans-sectoral association, this paper focuses on issues of common interest for our member companies.

It should first be noted that AFEP stresses measures of interest in the European Parliament's resolution of July 2015², which are currently not taken into account in the new "Circular economy package":

- The need for incentives towards companies and consumers; those measures concerning supply and demand could support economic growth;
- To develop indicators to be built with all stakeholders and to be used, on a uniform basis, to evaluate stakeholders performance and public policies relevance;
- Usefulness of cooperation between stakeholders respecting competition rules.

AFEP's member companies consider that **the EU should give an impetus** via an action plan integrating long-term objectives **to facilitate changes in stakeholders' behaviours towards a circular economy**. By proposing a vision and an action plan, the "Circular economy package" initiates this transition towards the circular economy.

1°/ Companies' comments on the communication from the Commission: "Closing the loop – An EU action plan for the Circular Economy"³

First of all, AFEP stresses that **the issues at stake on circular economy differ for companies according to their core business** (resources, products or services). **Those distinctions should be further developed in the action plan**. It contains some elements related to products but none on services whereas they represent a significant share of the economic activities of European businesses. AFEP considers that it is necessary for the policy described in this action plan to be reinforced by **an harmonised approach of the circular economy throughout the value chain** and to adopt and share ambitious goals, especially in terms of optimising the use of products and recycling.

¹ Report available (in French) on <http://www.afep.com/contenu/focus/economie-circulaire>. A leaflet in English is available on <http://www.afep.com/en/content/focus/circular-economy>

² <http://www.europarl.europa.eu/sides/getDoc.do?pubRef=-//EP//TEXT+TA+P8-TA-2015-0266+0+DOC+XML+V0//EN>

³ <http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:52015DC0614>

The Commission's efforts to develop legislation in terms of eco-conception appear significant. In a sectoral approach, those efforts integrate the life cycle of the products, recycling opportunities, modernisation and remanufacturing.

Some AFEP member companies are associated to the Commission's work on **"Product / organisation Environmental Footprint"** to improve analysis on life cycle. Those works are scheduled over several years and should be integrated in the circular economy approach. Companies consider that those works play a strategic role but think **they should not replace the standardisation process or lead to distortions of competition** by favouring technologies in eco-design approaches.

Regarding products, **companies are in favour of the dissemination of better information on their content resources, their reparability and their reuse**. In order to stimulate usages and services innovations, an information system on circular economy should be implemented. It would have to protect against counterfeit and to preserve know-how, industrial property and consumers' security.

AFEP considers necessary **to harmonise at EU level the methods of measurement of flows and material inventories to facilitate the deployment of the circular economy approach among Member States and to stimulate international trade of secondary raw materials**.

Companies appreciate the reference to **"innovation deals"** in the action plan because they allow a new approach to work on circular economy projects with public authorities. In France, some companies participated to the conclusion of **"green deals"** with the French Ministry for the Environment. **Those "green deals" are a right to experiment in an effective and transparent approach**.

The action plan does not mention **incentives** whereas it seems appropriate that this issue be **addressed to encourage companies to use more secondary raw materials, recycled or reclaimed materials and facilitate reuse and repair**. Such incentives should support the extent of the life cycle of certain products and should be gradual and predictable to allow companies to integrate them quickly in their development strategy. Public procurement can also be an effective lever to stimulate this approach. In any case, those incentives have to be put in place after an in-depth impact assessment (the nature of the problems, who are the key stakeholders, the most appropriate scale of intervention and a cost-effectiveness analysis) to make sure that there will be no unnecessary overlaps with the current legislation and that they will address the right issues to avoid any additional burden for companies.

Mechanisms to facilitate the deployment of services of reuse and remanufacturing should be integrated to the action plan because those activities are the closest to the consumptions areas of the products and **would create jobs in the EU**.

2°/ Companies' comments on the revision of the framework Directive on waste⁴

First of all, AFEP welcomes any initiative to harmonise the legislative framework between Member States, promote best practices across the EU and boost the performance of all key actors of the circular economy.

We support the efforts of the Commission and the European Parliament to strengthen this "circular economy package". Our companies consider that they have a special role to play, given

⁴ <http://eur-lex.europa.eu/legal-content/EN/TXT/?qid=1453384548330&uri=CELEX:52015PC0595>

their ability to drive the smaller players. **They want to participate in creating a virtuous cycle by integrating the circular economy in their strategy and objectives.**

The Commission's proposal on the revision of the framework Directive on waste is only mentioning targets for reuse and recycle of municipal and construction waste whereas AFEP considers that **those targets should also be applied, based on impact assessments, to companies' non-hazardous industrial and commercial waste.**

The waste hierarchy is reinforced in this proposal. However, complementarily, it could be appropriate that **all actors define together applicable rules to improve the design of products and services in order to extend the life cycle and reuse before recycling.** The existence of those clear rules would favour investments towards a circular economy. They could be sectoral and include measures for strategic materials.

The concept of by-product (Article 5) is subject to important debates that reflect understanding and implementation difficulties as well as a real need of legal certainty. **The deletion of Article 5 will not solve the current difficulties.** On the contrary, it would generate additional questions in relation to change of status decisions, which have already been adopted. The communication of the Commission on the concept of waste and by-product **already provides important elements to harmonize Member States' decisions and improve legal certainty.**

In this context, the first evolutionary wishes regarding the revision of the Directive are:

- **Companies welcome the end-of-waste procedure** (Article 6) even if it is based on a complex process. This process should be implemented by ensuring **reasonable instruction deadlines and mutual recognition between Member States. It should also be applied to by-products** to guarantee their better flow between States. This mutual recognition could be achieved via **harmonised procedures** or by **removing national procedures**. The achievement of the end-of-waste procedure should be done guaranteeing the absence of negative effects on environment and human health, and distortion of competition;
- AFEP emphasises the importance of introducing in Article 11 **specific objectives of reuse and recycling for non-hazardous industrial and commercial waste companies and not treated as municipal waste;**
- **Decontamination** of hazardous waste before any recovery or recycling is **paramount** to avoid the dispersion of contaminants and other harmful elements in the environment or recovered materials;
- In the same way, waste management plans defined in Article 28 **should explicitly mention companies' non-hazardous industrial and commercial waste as well as agricultural waste.** Awareness information and campaigns can also be **more business oriented** (Article 28, paragraph 4 c). **The industrial ecology approach** in territories are often motivated by the search for mutualisation of waste streams and better valuations. **The integration of companies' industrial non-hazardous and commercial waste, as well as the agricultural waste,** in waste management plans would be likely to facilitate the **identification of those flows** and allow players to organize themselves so as to find the most efficient solutions in terms of net balance sheet resources;
- Finally, more generally, companies consider that the Commission's proposal is **primarily focused on stimulating the supply of resources and not enough on developing demand.** The incentives mentioned in the action plan should be included in the waste framework directive timely and explicitly.