

Towards a circular society and industry: How can the EU further close the loop?



16 November 2020, 13:00 – 15:00 CET

Online event

Hosted by MEP Maria Spyra

Speakers:

- **MEP Maria Spyra**
- **Emmanuelle Maire**, Head of Unit, Sustainable Production, Products and Consumption, DG ENV, European Commission
- **Catherine Athènes**, Vice-Chair of Sustainability Committee, European Aluminium, Vice President Group Sustainability and Public Affairs Europe at Constellium
- **Jonas Byström**, Lead Engineer, Urban Development Division, Projects Directorate, European Investment Bank, Luxembourg
- **Philippe Mengal**, Executive Director of the Bio-based Joint Undertaking (BBI JU)
- **Tjisse Stelstra**, Rapporteur of the European Committee of the Regions for the opinion on the Circular Economy Action Plan, CoR
- **Ulrich Leberle**, Raw Materials Director, CEPI
- **Davide Sabbadin**, Climate and Circular Economy Policy Officer, European Environmental Bureau
- **MEP Radan Kanev**

Welcome Remarks

MEP Maria Spyraiki

“The aluminium industry is a key player in terms of best practices within a circular economy, while circularity makes the industry both economically and environmentally beneficial.”

Ms. Maria Spyraiki began her intervention by stressing **that the realization of circular economy requires both behavioral changes by consumers, as well as regulatory changes**. In that line, the Circular Economy Action Plan (CEAP) includes **promising elements**, e.g. mandatory recycled content in certain products, mandatory green public procurement rules and recycling targets. Furthermore, Ms. Spyraiki stressed the **importance of data reliability for circularity and the need for two methodologies: a common reporting methodology to measure the member states’ performance and a robust methodology to evaluate products across their lifecycle**. Ms. Spyraiki also underlined the **significance of bioeconomy**, since it aims at a more sustainable and resource-efficient world, thus complementing the circular economy. Moreover, Ms. Spyraiki mentioned that **the aluminium industry is a key player in terms of best practices within circular economy** and pointed out that **circularity makes the industry both economically and environmentally beneficial**. Ms. Spyraiki also highlighted that the current crisis makes circular economy more relevant than ever, as it holds a significant number of economically attractive assets. Within her concluding remarks, Ms. Spyraiki stressed the **importance of innovation** within circular economy and mentioned that by adapting its circular economy principles EU can take advantage of the technological revolution to create a net benefit of 0,9 trillion euros; more than it would create within the current linear development path.

Keynote address

Emmanuelle Maire, Head of Unit, Sustainable Production, Products and Consumption, DG ENV, European Commission

“The European Commission will table two legislative proposals in 2021 to empower consumers in the green transition and to ensure that “green” claims on products are substantiated.”

To begin with, Ms. Emmanuelle Maire mentioned that **the European Commission adopted CEAP in March, aiming at replacing the currently linear model of production and consumption with a circular one**. Moreover, Ms. Maire pointed out that **the European Commission will introduce a new policy framework addressing all products placed in the EU market**, in order to promote sustainable production and consumption patterns. In that line, **the European Commission will table two legislative proposals in 2021 to empower consumers in the green transition and to ensure that “green” claims on products are substantiated**. Additionally, **the European Commission will revise the Eco-design Directive**, which

currently focuses mainly on energy-related products and energy efficiency, in order to render it more inclusive as well as to expand its scope. Indicatively, this revision will address premature obsolescence and promote reusing, repairing and recycling of products. Ms. Maire also added that **the European Commission wants to incentivize products as a service business**, since consumers' main need lies upon the service of the product and not the ownership of the product itself. Last but not least, Ms. Maire highlighted that **the European Commission and the European Economic and Social Committee have launched the EU Circular Economy Stakeholder Platform**, where stakeholders can share their knowledge on circularity topics, and further called the participants to join the discussion.

Catherine Athènes, Vice-Chair of Sustainability Committee, European Aluminium, Vice President Group Sustainability and Public Affairs Europe at Constellium

“The industry’s target is to cover 50% of the EU demand for aluminium with domestically produced recycled metal, which will result in 46% of CO₂ savings by 2050.”

Ms. Catherine Athènes began her intervention by highlighting that **the aluminium industry is already engaged in circularity** (e.g. 36% of the EU demand for aluminium is covered by recycled material) and its aim is to ensure that all end-of-life aluminium products are collected and recycled efficiently in Europe to maximise aluminium recycling rates and to keep the material in active use. In that line, Ms. Athènes underlined that **aluminium is fit for circularity due to certain features: high recyclability** (e.g. 90% and 75% current recycling rates in automotive and aluminium cans sectors respectively); **durability** (e.g. 50- and 15-years lifespan in construction and transport sectors respectively); **energy bank**, since recycling saves 95% of the energy needed to produce primary metal; and **permanent properties**, since aluminium can be recycled multiple times. Moreover, Ms. Athènes highlighted that **European Aluminium has been advocating towards a plan for achieving full circularity by 2030**. In a context of a growing demand for aluminium, and considering that the carbon footprint of imported primary aluminium is higher than aluminium produced in Europe, if we want to keep our total carbon footprint as low as possible, we need to focus on two things: make sure that European primary production is preserved and maximize the amount of aluminium coming from recycled resources. Replacing the current demand for imported primary aluminium with EU recycled aluminium will contribute to enhance Europe's strategic autonomy. Furthermore, Ms. Athènes underlined that as far as improvement is concerned, **efforts are focused on improving collection and sorting systems**. Within her concluding remarks, Ms. Athènes reiterated that **the industry's target is to cover 50% of the EU demand for aluminium with recycled metal**, which will result in 46% of CO₂ savings by 2050. What is all in all needed to achieve this target is a **robust legislative framework and incentives for increased investments**, as Ms. Athènes underlined.

Jonas Byström, Lead Engineer, Urban Development Division, Projects Directorate, European Investment Bank (EIB), Luxembourg

“The EIB is willing and capable to continue supporting the circular transition not only through financing, but also through advising and knowledge sharing.”

Mr. Jonas Byström firstly highlighted that **the EIB committed to align all its financing activities from the end of 2020 onwards with the goals of the Paris Agreement and to dedicate more than 50% of its annual financing to green investments by 2025.** Furthermore, Mr. Byström pointed out that **EIB supports the circular transition through a wide range of instruments: lending; blending loans and grants; networking; providing circular city guidance** to both privates and local authorities; **providing financial and technical advisory services**; and **knowledge sharing**, regarding -among others- the rationale, the benefits and the know-how to achieve a circular economy. In that line, **EIB has prepared “The EIB Circular Economy Guide”**, which defines circular economy along 4 different categories and provides information about EIB’s lending and advisory activities. Additionally, **the EIB has prepared “The 15 Circular Steps for Cities” guide**, which provides guidance for decision-makers on a city-level on how to transform a linear city to a circular one, through 15 steps going from planning to acting and monitoring. Moreover, **EIB and the European Investment Advisory Hub have prepared the “Circular City Funding Guide”**, which provides information about funding opportunities. In light of the above, Mr. Byström concluded his intervention by highlighting that **EIB is willing and capable to continue supporting the circular transition not only through financing, but also through advising and knowledge sharing.**

Philippe Mengal, Executive Director of the Bio-based Joint Undertaking (BBI JU)

“The bio-economy sector needs stable and coherent regulatory framework and strong support for research and innovation”

During his intervention Mr. Philippe Mengal provided information about the contribution of EU bio-economy to circularity and the role of BBI JU. More specifically, Mr. Mengal pointed out that **bio-economy is circular by nature** and underlined that it is already a reality, while in the **future the production of goods where carbon is needed (food, feed, fibers, fuels, materials) will be increasingly based on land**. Moreover, Mr. Mengal presented the **bio-based industry’s value chains**, which - starting from biomass and going through biorefineries and industrial applications - lead to consumer goods, and stressed that they **face risks and challenges**, e.g. supply issues, insufficient infrastructure, impact on biodiversity, technology and product development risks etc. In than line, Mr. Mengal underlined that **the bio-economy sector needs a stable and coherent regulatory framework and strong support for research and innovation**. As far as the latter is concerned Mr. Mengal highlighted the important role of **BBI JU**, which is a **public-private partnership between the European Commission and the Bio-based Industries Consortium (BIC)** with a 3.7

billion euros budget, **dedicated to supporting research and innovation bio-based projects**. BBI JU's **main objective** is the development of sustainable and competitive bio-based industries in EU based on advanced biorefineries, which can be achieved by implementing the **Strategic Innovation and Research Agenda (SIRA)**, developed by the industry and approved by the European Commission. SIRA focuses on demonstrating technologies to fill the gap in existing value chains, developing business models and setting up flagship biorefinery plants. Mr. Mengal further mentioned that the **expected impact for EU by 2030** includes replacing 25% of oil-based chemicals, creating new jobs, diversifying and growing farmers' revenues, reducing EU's dependency on the import of strategic raw materials and reducing greenhouse gas emissions by 50%. Furthermore, Mr. Mengal pointed out that today **BBI JU's portfolio includes more than 100 projects, that foster the development of sustainable bio-based industries** and more than 700 million euros of funding, while **flagship biorefineries included in the portfolio are all based on sustainable and circular business models, have positive socioeconomic impact and have high replicability potential**. Mr. Mengal concluded his intervention by informing the audience that BBI JU is preparing the transition to its successor, Circular Bio-based Europe (CBE), which after being approved will enter into force next year.

Tjisse Stelpstra, Rapporteur of the European Committee of the Regions for the opinion on the Circular Economy Action Plan, CoR

"In order to reach a true circular economy, the mind-shift needs to move towards a paradigm in which there is no waste. Waste does not exist. Waste is just a collection of resources. So, keep them, don't waste any waste."

Mr. Tjisse Stelpstra started his intervention by presenting the Working Group entitled "Green Deal going local" put in place by the CoR, aiming at **placing cities and regions at the core of the Green Deal**. Then, Mr. Stelpstra highlighted the **importance of CEAP** and stressed the need for a **differentiated approach according to countries' specificities**. Moreover, Mr. Stelpstra presented several recommendations in order, for instance, to **link the reduction of CO₂ to the overall targets of circular economy**, to foster innovative practices' implementation, or to include the cost of pollution and waste into the prices of the products, in order to achieve a competitive level playing field at a global level. Mr. Stelpstra also suggested to the Commission to set **criteria whereby a substantial proportion of products should be made from recycling materials**. In order to further close the loop, Mr. Stelpstra called for better resource management and proposed to **explore the opportunity of the development of an EU resource policy platform**. The **role of local and regional authorities** in the process towards circular economy was also **highlighted**, notably regarding competence in waste/water management, in raising the awareness of citizens through education and in employment policies.

Ulrich Leberle, Raw Materials Director, CEPI

"More than half of our raw materials in the paper industry are based on recycling."

Within his speech Mr. Ulrich Leberle addressed the role of the European paper industry towards a more circular economy. First, Mr. Leberle explained that **EU is a net exporter of paper products**, representing **22% of global paper production** and is the **world champion regarding paper recycling**. Accordingly, Mr. Leberle stressed the **important added value created by circularity** in this sector, noting for instance that half of the raw materials from the paper industry are based on recycling. Moreover, Mr. Leberle added that most of the wood used comes from EU, which therefore represents an important economic opportunity for the forest sector. Furthermore, the **essential role of the European forest and the forest-based sector as carbon sinks** was highlighted, mentioning also the low fossil fuel emissions of those sectors. Nevertheless, Mr. Leberle argued that there is still a lot of work to be undertaken, in order to improve circularity, and presented several initiatives to further close those gaps (e.g.: Packaging Design Guidelines, Harmonization of Recyclability Testing etc.).

Davide Sabbadin, Climate and Circular Economy Policy Officer, European Environmental Bureau

“European Union has a role, worldwide, to become the champion on best practices regarding circular economy.”

First and foremost, Mr. Davide Sabbadin underlined the **significant role that the EU has to play as a global driver for circular economy**. Accordingly, Mr. Sabbadin stressed the fact that material production alone results in an enormous amount of greenhouse gas emissions and that **circular economy therefore represents a necessity to combat climate change**. Then, the need to decouple value creation from resource consumption, notably by creating an overall material consumption target, was addressed. Moreover, Mr. Sabbadin claimed that the **main goal regarding raw materials should be sustainability and not competing with other economies worldwide**. The spotlight was then put on the building sector as a key sector for the success of circular economy in the EU. Additionally, Mr. Sabbadin explained that policies can make a clear difference, notably through the implementation of a carbon footprint of products which is a needed component of the so-called “product passport”. The latter is of great added value with reference to setting emission targets on products, in order to aim for decarbonization of industry via the circular economy. Finally, Mr. Sabbadin concluded his speech by **reiterating the role of the EU, e.g. through the recovery plan or innovation policies, in shaping a concrete circular economy**.

Reaction by MEPs

MEP Radan Kanev

“Maybe, the key issue is our human capital and our human resources, especially bearing in mind that human capital is the basic resource for any technological jump that we obviously need.”

First of all, Mr. Radan Kanev stressed that the **circular economy should be a systematic approach towards economic development**, in order to benefit individuals, businesses, society and our environment. The idea of gradually decoupling economic growth from the consumption of original resources was also highlighted. Moreover, Mr. Kanev underlined the economic model that could foster this approach, by calling for less government expenses, less taxes on business and better income for workers. Additionally, Mr. Kanev highlighted the **need for better technologies, more competitiveness and better environmental protection**. Then, Mr. Kanev explained that **the keys to achieve this goal are human capital, education and scientific research, which are the basis for any technological “jump”**. Economic instruments, such as job subsidies or tax incentives in the sector, were also put forward by Mr. Kanev. The **necessity to create and protect “decent jobs”**, in line with the vision of the International Labor Organization (ILO) for green jobs, was also highlighted, while within his concluding remarks, Mr. Kanev stressed that **circular economy is a real opportunity for Europe, notably in a global context of international competitiveness**.

Q&As session

The first question raised regarded **how to further incentivize the financing of circular economy**. Mr. Byström underlined how **EIB is already offering good loans for circular economy projects**, moreover explained that it is really **important to support those projects** that are often facing difficulties to access funding.

The next question on **whether prioritizing circularity over competitiveness in the EU could have negative effects**, especially since there is no global circular economy action plan, was answered by Mr. Kanev, who noted that **if the European economy, in the pathway towards circularity, will not manage to achieve competitiveness, it will not be successful in the end**. Therefore, Mr. Kanev argued that, **to be successful**, it is important to **show that this model can be profitable**, and that it leads to technological “jumps” and innovations. Additionally, Mr. Kanev promoted the use of economic instruments to incentivize investments in the sector. Mr. Sabbadin also explained that the **European market is one of the largest in the world** and producers all over the world adapt their products to European references. Therefore, Mr. Sabbadin argued that **this driving capacity should be used at its best to compete on environmental and climate innovations**.

The last question on **whether current tools**, such as eco-design, are **sufficient to make the shift towards a more circular economy was also answered by** Mr. Sabbadin, who underlined that those instruments are very important for product policies, but it is moreover **essential to keep an eye on the overall situation**, especially looking at energy and material resource use. Mr. Leberle also noted that **those instruments are important for product transparency in favor of consumers**, but all in all they are **certainly not sufficient**.

Closing remarks

MEP Radan Kanev

To conclude the event, Mr. Kanev argued that **circular economy is our pathway to the future** and that there is a necessity to listen to the experts from the industry, the science and the civil society in order to build up a more responsible industrial policy. According to Mr. Kanev, this ***“will make our economy more strong, more competitive and much more environmentally friendly.”***