

## ***For an ambitious EU mandate embracing a holistic vision on circular economy***

4th November 2024

Over the past five years, the EU has made significant strides in developing policies and legislation to promote a more circular economy, particularly through the Circular Economy Action Plan. However, the EU's Circular Material Use Rate has essentially stagnated, increasing only marginally from 10.7% in 2010 to 11.5% in 2022, highlighting the need to address gaps and strengthen implementation. As underlined by [the European Environment Agency](#), these policies need to become more binding and target-oriented to accelerate the shift towards a regenerative economy in Europe. This means moving beyond the current strong focus on waste management to address resource use more directly. In the coming years, supporting Member States with the implementation of circular economy policies and demonstrating high ambition in preparing accompanying measures should also be a priority.

The appointment of a dedicated European Commissioner for Circular Economy is a critical step forward in the EU's commitment to accelerating the transition to a circular economy. The central question is whether establishing a dedicated Circular Economy Commissioner would pave the way for a comprehensive sustainable materials and resources management framework.

In the context of the upcoming hearings for EU Commissioner-designate candidates, we, as NGOs, EU organisations, and leading sustainable businesses in the circular economy ecosystem, urge you, members of the European Parliament, to rigorously question potential candidates with portfolios related to resource sufficiency and the circular economy on the following topics :

- ✓ **For a systemic vision on materials and resources within planetary boundaries:** towards a resource-based systemic approach supported by binding EU resource-use reduction targets on material and consumption footprint. This will be crucial for ensuring the long-term competitiveness of European industry and increasing the circular material use rate, as recognised in the [June 2024 Council Conclusions](#).
- ✓ **For the improvement of fiscal and economic tools:** Shifting the tax burden from labour to raw material extraction, alongside implementing [circular taxation](#), is essential for aligning economic incentives with the goals of a circular economy.
- ✓ **For the inclusion of circular economy criteria within trade policy:** the EU should lead in setting global circular economy standards, using trade policy and international instruments, such as the EU Carbon Border Adjustment Mechanism or the EU Deforestation Regulation, to promote climate neutrality, decarbonization, and a just transition worldwide. In line with the Ecodesign for Sustainable Product Regulation, instruments such as the CBAM could be expanded to address the resource intensity of imported products. Impact assessments should be a key component of EU trade and circular policy development. These assessments should evaluate the socio-economic implications for trading partner countries, including the impact on both formal and informal labour markets. To ensure comprehensive and reliable assessments, broad stakeholder consultation and independent research should be incorporated.
- ✓ **For the improvement of the Extended Producer Responsibility framework to become a [game-changing policy tool that supports prevention, reuse, separate collection, and high-quality recycling](#):** to prevent distortions and ensure a fair competition in the market, especially as EPR expands to more products, coordinated EU-level action is essential. The EU should therefore ensure adequate cost-coverage provisions to fully implement the Polluter Pays Principle, establish an eco-modulation system designed for simplicity, practical application, and a focus on prevention and reduction, recyclability and recycled content. It should also address the free-rider problem through a comprehensive framework and tackle the limitations of EPR schemes when second-hand products are exported for reuse from the EU to third countries. Finally, EPR schemes should be supervised by an independent advisory and monitoring body in which all the stakeholders are represented.
- ✓ **For product lifespans extension and maintaining the long-term competitiveness of European industry:** a clear and progressive policy framework prioritising reduction, prevention, reuse, and recycling is crucial for boosting material and product circularity. The Circular Economy Act should place greater emphasis on the establishment of binding quantitative and qualitative targets at the product level as well as economic support for

redesign, reduction, reuse and repair. The Circular Economy Act should also reaffirm the role of businesses as drivers of innovation and support their initiatives when it comes to integrating circularity practices into their business models.

- ✓ **For a circular economy single market:** Europe's overdependence on primary material extraction carries severe social and environmental consequences, while also exposing the EU to new geopolitical vulnerabilities. A well-functioning circular single market, as mentioned in Enrico [Letta's report](#), would ensure a level playing field for circular materials, products and services enhancing the EU's resilience against import shocks. As pointed out in the report, the EU must "establish a Circular Single Market where economic growth and well-being are no longer dependent on unsustainable use of natural resources and dangerous dependencies".
- ✓ **For public procurement as a key accelerator of circular economy deployment:** Ursula von der Leyen has proposed to revise the Public Procurement Directive in [her political guidelines for the new Commission](#). Thus, it is a good time to introduce circular public procurement requirements, with economic incentives and the possibility of penalties if public tenders continue to favour resorting to primary raw materials and business-as-usual models.
- ✓ **For a circular economy supporting good quality jobs:** the value of the circular economy should be clearly articulated and actively facilitated within the upcoming revision of the Just Transition Framework.
- ✓ **For recognising the key role of local and regional authorities:** [the 2023 report from the European Court of Auditors](#) highlights that there is limited evidence to suggest that the Circular Economy Action Plans have significantly influenced circular economy activities in Member States. Local and regional leaders, who are responsible for over 70% of Green Deal implementation, play a key role in this transition, as underlined recently by [the letter from the Circular Cities Frontrunner Group](#), being the closest level of power to the citizens who are also consumers while being the competent authority to manage municipal waste. Many EU countries are failing to meet their recycling targets for municipal and packaging waste. Initiatives such as [the Circular Cities and Regions Initiative](#), which supports large-scale circular economy projects at local and regional levels, are vital in this regard. Local and regional authorities can significantly accelerate the circular economy by promoting circular public procurement, enhancing transparency and promoting fair competition. Furthermore, aligning the Cohesion Fund with local targets and increasing public-private investment can unlock additional funding and support for circular initiatives.
- ✓ **For ensuring sufficient funding for circular economy efforts:** it is vital that European funding is properly allocated to invest in the top three steps of the waste hierarchy: prevention, re-use, and recycling. The existing strategies should also be aligned with new and emerging policy frameworks, such as the Net Zero Industry Act, to further drive investment in circular economy industrial development within the EU.
- ✓ **For a safe and healthy circular economy:** safety and human health must be a central part of the EU's circular economy. Therefore, it must support ambitious measures outlined in the Chemicals Strategy for Sustainability, such as to phase out the most harmful substances in consumer products. The Circular Economy must promote clean manufacturing and non-toxic materials cycles.
- ✓ **For ensuring the implementation of the legislation:** with the recent increase in policy measures, it is now important to assess how effectively these policies are being implemented and to evaluate their overall impact. Additionally, ensuring the timely and accurate implementation of EU circular economy policies is essential, along with taking swift and decisive action against incorrect transposition and non-compliance.

