

Ambitious targets and consumer incentives needed for circular economy

Ecopreneur.eu and its member organizations believe that the Circular Economy¹ holds many opportunities for the European Union and the national states. It is estimated that the Circular Economy can create up to three million jobs by 2030 and 600 billion EUR per year in the European Union. Furthermore the Circular Economy will lead to an increased waste reduction and reduced environmental impact, including up to 70% cut in carbon emissions.

However, political support is needed in order to remove existing obstacles for companies, improve the “rule of the game” of our economy and boost the Circular Economy. Thus, Ecopreneur.eu asks for strong government policies. Binding targets for recycling should be extended in order to cover the full chain (reuse, repair etc.). EU-wide legislation, harmonization where possible and national action plans should be used to further accelerate the Circular Economy. Crucial is the introduction of financial incentives to encourage companies and consumers to favor circular business models. This would create a market pull to boost the circular economy and increase the use of secondary raw materials, while leaving enough room for companies to develop innovative circular solutions to achieve this. The European Union and national governments are called to set an example by implementing circularity into Public Procurement, as well as introducing improved and extended schemes for Extended Producer Responsibility (EPR). Changes in fiscal policies include opening up the VAT Directive to allow for VAT differentiation and a tax shift from labor to resources. Finally, we ask for the adaptation and exploration of existing measures, such as the extension of the Ecodesign Directive to foster circular design and improvement of existing research programs.

Are these measures included in the draft Circular Economy Package?

Ecopreneur.eu’s main concern with the leaked draft is the total lack of targets over the full circle. The recycling target was even weakened compared to the original proposal. There are no targets for reuse, repair, take back, refurbishment, sharing etc. The attention to enforcement of regulations is also limited. Without ambitious binding targets and enforcement of regulations, there will be no milestones. The package therefore runs risk of being *ineffective*, like a second EU-ETS. That is not what leading EU businesses are waiting for.

On the positive side, the proposal does have clear potential. It contains the following crucial elements: Procurement, Extended Producer Responsibility (EPR), the Ecodesign directive, Quality standards for secondary resource materials, a European Resource Efficiency Excellence Centre, a link with the GAP for SMEs, and the development of indicators to monitor progress towards a circular economy. Given

¹ For a definition see www.ellenmacarthurfoundation.org. We view it as an economy based on circular business models, which include “short cycles” (e.g. pay per use, repair and sharing platforms), “long cycles” (performance based contracting, take back management, refurbish & resell), pure cycles such as cradle to cradle, digitization and 3D printing.

proper implementation, these measures can indeed give a boost to circular business models by increasing the demand for circular products and services. For EPR, differentiation of levies down to product and company level is needed to incentivise companies to implement circular business models. For design, we ask for a future directive based on business logic, long-term value creation at the systems level and maximising the positive impact, while avoiding red tape. It should introduce minimum requirements for circular design that are product-specific.

Worrisome however is the lack of economic incentives for consumers. We consider this a serious flaw. It could be added to the Package by opening up the VAT directive for differentiation on the basis of circularity, or, although more indirectly, by introducing a tax shift from labour to resources. Instead “Eco” labels are mentioned, which Ecopreneur.eu considers ineffective to do the job.

Finally, Ecopreneur.eu misses a fundamental improvement of the access and attractiveness for SMEs of Horizon 2020, a lack of systemic policy research to develop new policy tools such as precycling², and regrets there will still be EU subsidy for incineration plants, which has a clear risk of creating over capacity that works counterproductive on the development of the local and national circular economy.

Ecopreneur.eu:

Ecopreneur.eu, the European association of green economy organizations, is in its founding process and presently holds five national member organizations: Grüne Wirtschaft (AT), Entrepreneurs Vert (FR), Greenbiz (ES), De Groene Zaak (NL) and UnternehmensGrün e.V. (DE). Since many years, the (founding) member organizations contribute actively to the political decision-making process in their respective countries and to bring forward a sustainable, green economy.

The first steps towards Ecopreneur.eu were already taken in 2009 on the initiative of the national associations Grüne Wirtschaft, Entrepreneurs Vert and UnternehmensGrün. With the official foundation of the umbrella organization in January 2015 the common goals receive a strong voice in Brussels. Ecopreneur represents more than 1500 sustainable SMEs and companies in Europe.

Ecopreneur.eu sets the course for sustainable economic policies on European level.

² An innovative scheme for Extended Producer Responsibility, see <http://www.govsgocircular.com/>