

Speech by Karmenu Vela - 13 October 2016

# 'The Circular Economy Conference', organised by the S&D Group in Brussels

Good morning, ladies and gentlemen, and thank you, Gianni for that introduction. I'm sure we are all eager to get on, we have a packed programme and some very highly qualified experts to look forward to on the panels. I'm very grateful to the S and D group, Kathleen Van Brempt and colleagues, for putting it together. Perhaps we should make it an annual event, as stocktaking is so important. It's good to showcase progress, but it also helps avoid complacency.

Because what we are going to talk about today really is very urgent.

It's urgent for so many reasons. When we look around us, so many indicators are going into the red. We are losing our biodiversity, our climate is deteriorating, and we are squandering limited resources. Bad for us, bad for the planet, and bad for EU industry.

There are many indicators we could use to show this, but there is one that is particularly suited to today. The Raw Materials Scoreboard was published by the Commission's Joint Research Centre a bit more than two months ago. It tells us something very important about the circular economy. For me, two things stand out:

Firstly, that the EU is still highly dependent on imports for many materials. And these include materials that are central to economic activity, like natural rubber and metal ores. Many critical minerals are actually concentrated in a small number of countries, and export restrictions are becoming more common.

And secondly, at the moment, the output from recycling accounts for a very small part of demand for materials – even when the recycling rate is high. The only materials where the recycling input is higher than 30% are cobalt, pulped wood and tungsten.

That shows how fragile we are. We are in real danger of compromising European industries if we don't change our ways. Now the circular economy isn't only about industry, and I'll talk more about other aspects at the end, but I want to focus on industry because the package we adopted really needs to keep business on board. For it to work, for it to really take off, we have to help the private sector take advantage of all the benefits it offers.

The circular economy used to be something of a fringe idea. It had its prophets, like Professor Stahel, but it was some way from the political mainstream. The fact that we are here today shows how much has changed. Politicians from all parties are getting on board, and it's jumped up the international agenda. Resource efficiency is now well accepted at the UN, for example, and a key tenet of the 2030 Agenda for Sustainable Development. It was also on the G7 agenda.

The main point I want to make this morning is that the Commission is working on a package that will bring real change – and is as pragmatic and efficient as can be.

Some of you have said that they would like to see even more ambition in there. And of course we need to make sure we can adopt the best package we can at the European level. What we have put on the table set us on a different course, it lays down a marker about the way to go, and by raising recycling levels in a realistic timeframe, it sets in motion the process that will bring changes.

I'm sure you remember the broad outlines. What we have is already more ambitious than ever. There are 54 elements, but it's an integrated whole. It goes beyond waste management, and it includes the whole lifecycle of products: from the design of a product and production processes, to better informed consumption choices, to modern waste management, and the provision of secondary raw materials feeding back to the economy.

The main question today is – one year later, where are we now? What I'd like to do this morning is look at how much we have done already, and where we still have work to do.

As you know, the Package is being debated in the Parliament, and the process will continue in the Council and Parliament throughout the year.

Overall, things are broadly going to plan. In some ways, they are going even better than we hoped. In June this year the Member States adopted conclusions in Council on the Action Plan, and those conclusions are a serious statement of intent. They complement the Package, and they ensure that the Member States will be engaged in its implementation. They also point out areas where the planned actions could go even further. Let me give a few examples:

On Eco design, they ask the Commission to see which product groups could integrate aspects of resource efficiency into their design, above and beyond energy efficiency. This is a clear indication that the message on design is getting through, and that we will be able to draw on the experience of the Eco design regulations and take them further.

On marine litter, they request a ban on micro-plastics in cosmetics and similar initiatives on other products, which is more good news;

And they ask for an EU platform for exchanging knowledge and good practices between Member States and stakeholders.

Obviously we will be following up on these conclusions. Simona Bonafé will be able to tell you more about all the work going on in the European Parliament, so I won't expand on this today.

And of course there is a lot of work going on around the package.

We will be talking a lot about waste management today, so I won't go into details. Let me just say that the targets we proposed are ambitious but realistic. They offer a long-term vision for recycling and landfilling, because this is an area where businesses and local authorities need legal certainty. And they are part of a two-stage process, addressing the problems identified by the Raw Materials Scoreboard. When we improve recycling, we improve the security of supply, and we help develop markets for secondary raw materials. That's the sort of thinking that will take us to a genuinely circular economy.

As well as the waste proposals, the Commission also presented two other legislative proposals.

The first covers goods that are sold on-line, and it extends from 6 months to 2 years the period during which consumers can benefit from the legal guarantee. The second is a

revised fertilisers regulation, which will make it easier to commercialise fertilisers based on biomass and bio-waste. They are both in co-decision.

In the ongoing section, I can tell you that we are now preparing the Eco-design Working Plan, along with criteria on electronic displays.

We are also working on ways to develop demand for secondary raw materials, to feed EU industry and close the loop of material cycles. We're doing that by developing quality standards together with the industries involved, and improving the way we track the presence of substances of concern in recycled flows.

Toxicity is a big concern, so we are looking at the interplay between legislation on chemicals, products and waste, and how to reduce the presence of chemicals of concern. The aim is to find an approach that will cut the amount of toxic materials in products, and boost recycling.

A lot of work is going on around plastics. Recycling rates are much too low – only a quarter of plastic waste is recycled, and half goes to landfill. Large quantities end up in the oceans, creating marine litter. So we are developing a specific strategy that draws on the latest evidence to address these issues. The roadmap will be published in the coming weeks, and I hope everyone involved will send in their comment.

And we are acting on public procurement. Many people are unaware of the potential here – it's a massive share of European spending, around 14% of EU GDP, which is 1.8 trillion euros every year. In April we published a new handbook for public authorities, and we are also looking to strengthen the criteria, to encourage authorities to buy products that both durable and repairable.

And we advance on many other fronts as well. 2016 and the beginning of next year should see a Communication on Waste to Energy, proposals on improving water re-use, and measures making it easier to donate food. There will also be a new Platform for Food Loss and Food Waste and we started to develop a method to account for food waste in Europe.

One of the obstacles to circularity is the timidity of investors. To get the momentum going, we need a minimum of inward investment. So the EU is trying to help with financial support, and we are covering a lot of ground. We are developing a circular economy financing facility to match entrepreneurs and funding possibilities. The Natural Capital Financing Facility is also a good example. This is an agreement between the Commission and the European Investment Bank that provides for an EU contribution of €60 million in view of up to 12 investments, for projects showing how natural capital can generate revenue. The first two have now been approved by the EIB board, and they should be signed before the end of the year, and several more are already in the pipeline.

On a much bigger scale, under Horizon 2020, the "Industry 2020 in the Circular Economy" will provide project funding of over €650 million, and on an enormous scale, there are EU funds available to regions and cities to bridge the investment gap for sound waste management. During this programming period, up until 2020, the Cohesion fund is dedicating five and half billion euros to waste management alone.

As I said at the outset, there are 54 action areas in the Circular Economy Package, and I can't cover them all. But I hope you have the flavour of what's happening from that quick overview. So I will stop there.

But before I pass the floor to Professor Stahel, I want to close with a few words about the international aspects of the circular economy. What Europe is presenting is a very advanced package, but we still have a lot to learn from the rest of the world.

Three weeks ago I was in South Africa, visiting a community waste recycling plant in a township near Johannesburg. I found it inspiring in various ways, but the thing that really stuck in my mind was the way recycling brings communities together. Because a circular economy isn't just about the economy – it's about lifting society. A circular economy is more inclusive, it's more fulfilling, and it's more balanced. It's a culture of respect, for nature, and for our fellow citizens. I want us to keep that big picture in mind today.

We don't have a circular economy, *yet*. And we have many steps to take before we get there. But we know where we want to go, and this package is the guide we need. It's taking us down the right path.

Thank you.