**Follow up to the European Parliament non-legislative resolution
on the New Circular Economy Action Plan**

1. **Rapporteur:** Jan HUITEMA (Renew / NL)
2. **Reference numbers:** 2020/2077 (INI) / A9-0008/2021 / P9\_TA-PROV(2021)0040
3. **Date of adoption of the resolution:** 10 February 2021
4. **Competent Parliamentary Committee:** Committee on Environment, Public Health and Food Safety (ENVI)
5. **Brief analysis/ assessment of the resolution and requests made in it:**

The resolution endorses the agenda of the Circular Economy Action Plan (CEAP) and considers the circular economy as the option to respond to the economic crisis brought by the COVID-19 pandemic. It calls on the Member States to direct investments and recovery funds towards circular economy business models and activities.

The resolution welcomes the Commission’s intention to propose a Sustainable Products Initiative, broadening the scope of the Ecodesign Directive and establishing sustainability principles and product requirements to further address notably durability, reparability, recycled content, reduction of product and environmental footprint and to establish a Digital Product Passport. The resolution also welcomes the planned initiatives to establish a new ‘right to repair’, underlining as key building blocks the extended life cycle of products, provision of comprehensive information and access to spare parts and affordable repair services. It strongly supports the regulation of green claims ‘through the establishment of solid and harmonised calculation methods’.

The resolution agrees with the key product value chains identified in the action plan, supporting Commission’s plans for each of them. The resolution underlines the importance of waste prevention and management and calls on the Commission to come forward with binding waste prevention targets. The resolution acknowledges the differences in the implementation of the waste acquis and calls on the Member States and the Commission to ensure the effective implementation of the waste targets.

The resolution supports the Commission in establishing a well-functioning of EU market for high quality non-toxic secondary raw materials and recalls the adoption of the Chemical Strategy for Sustainability. It also includes references on the role of the circular economy in the New European Bauhaus and calls the Commission to link the implementation of the action plan to the European Pillar of Social Rights.

The resolution welcomes the Global Alliance for a Circular Economy and Resource Efficiency and an International Agreement on Plastics. It encourages the Commission to add circular economy in the scope of the negotiations of the Environmental Good Agreements.

1. **Response to the requests and overview of the action taken, or intended to be taken, by the Commission:**

The European Green Deal (COM(2019) 640 final) considers that the transition to a circular economy is key to achieve a climate neutral economy by 2050 where economic growth is decoupled from resource use. With the new CEAP (COM (2020) 98 final), the Commission proposes a comprehensive agenda to change how Europe consumes and produces, building upon the implementation of the first action plan (COM (2015) 614). Circular Economy is also integrated in other European Green Deal’s initiatives, such as the Farm to Fork Strategy (COM (2020) 381), the Biodiversity Strategy for 2030 (COM (2020)380 final), the Chemical Strategy for Sustainability towards a Toxic-Free Environment (COM (2020) 667), the Renovation Wave for Europe - greening our buildings, creating jobs, improving lives (COM (2020) 662) as well as the upcoming Zero Pollution Action Plan to be adopted this year. Their implementation will be crucial to achieve the transition towards a circular economy at EU and national level. The engagement of Member States is also central.

The Commission will take this resolution duly into account in the implementation of the action plan. The resolution requests the Commission to consider a number of specific points. The Commission’s reply to these points is set out below and preceded by the numbers of the relevant paragraphs of the resolution.

Support to the circular economy as a response to the COVID crisis

(3) and (4) The Commission considers that circular economy is an essential element to ensure a resilient and sustainable recovery. The Commission encourages the Member States to reap the benefits of NextGenerationEU and the new Recovery and Resilience Regulation and to ensure that circular economy projects feature high in their National Recovery Plans. The Commission will also make use of programmes under the Multiannual Financial Framework (Horizon Europe, Cohesion Policy, InvestEU, ect.) to support circular economy activities and business models.

(13) (14) (15) (42) and (44) the Commission will mobilise the necessary funding to ensure industry and SMEs’ (small and medium sized enterprises) engagement in the transition towards a circular economy and to unleash the opportunities of digitalisation. The Commission will continue supporting the transition towards a circular and sustainable bioeconomy via research and innovation in circular bio-based materials and products through Horizon Europe. On chemical recycling, the Commission will continue to support innovation through Horizon Europe based on real life cycle assessment of impacts of the various chemical processing approaches and a robust traceability measurement of the inputs and outputs of these processes. The Commission notes that the EU rules do not allow counting waste as recycled if after/ during its processing it is used as fuel.

(18) As regards of nature-based and technological carbon removals solutions, including solutions relying on technologies for carbon capture and utilization or storage, the Commission will assess the various options for the certification of carbon removals and propose by 2023 a regulatory framework based on robust and transparent accounting to monitor and verify the authenticity of carbon removals.

Measuring progress and targets

(6) (7) (8) and (9) The Commission considers that the CEAP’s initiatives will contribute to achieving the long-term vision of keeping EU’s resource consumption within planetary boundaries and to strive to reduce EU’s consumption footprint and double its circular material use rate in the coming decade (by 2030).

The Commission will revise the monitoring framework of indicators, adopted in 2018, in order to include new indicators that will take account of the interlinkages between circularity, climate neutrality and the zero pollution ambition as well as the focus areas of the action plan (eg textiles).

In this context, the Commission will further develop indicators on resource use, including consumption and material footprints to account for material consumption and environmental impacts associated to our production and consumption.

Sustainable Products Initiative

(11) (23) (25) (26) and (35) The Commission aims to present by the end of 2021 a Sustainable Products Policy legislative Initiative, which will have at its core the broadening of the scope of the Ecodesign Directive, beyond energy-related products so as to make the Ecodesign framework applicable to the broadest possible range of products and make it deliver on circularity, and which also include complementary legislative proposals as necessary to deliver on the commitments made in the CEAP. The initiative will regulate, among other things product durability, reusability, upgradability and reparability, reduce carbon and environmental footprints, address the presence of hazardous chemicals in products and increase their recycled content in products. In line with the CEAP, it will also foresee measures to ban the destruction of unsold durable goods, restrict single-use and counter premature obsolescence as well as foresee incentives for product-as-a-service or other models where producers keep the ownership of the product or the responsibility for its performance throughout its lifecycle.

Digital product passport will be an integral part of the Sustainable Product Policy legislative Initiative aiming to improve business and consumer access to information on product characteristics.

The initiative will apply in priority to the product groups identified in the context of the value chains featuring in the CEAP, such as electronics, ICT and textiles but also furniture and high impact intermediary products such as steel, cement and chemicals. Further product groups will be identified based on their environmental impact and circularity potential.

The Initiative will include indicators to monitor its implementation. As regards of binding minimum recycled content requirements, the Commission will explore the feasibility of establishing such requirements also in other upcoming initiatives such as on Construction Products, Vehicles and Packaging.

(50) The Commission is engaged in a close dialogue with the European Standardisation Organisations and other stakeholders on actions and projects aimed at continuously improving the European Standardisation System and its responsiveness to EU policy priorities.

(52) The Commission is preparing a legislative proposal for adoption in July 2021. Possible elements of the proposal, which are currently being considered, are: the harmonisation of the charging interface (receptacle) on the device-end side (mobile phones and possibly other portable electronic devices); interoperability of the communication protocols; and unbundling of the charger (selling the charger separately from the electronic device). The proposal would aim at reducing the environmental impact due to the use of multiple chargers and enhancing consumers’ convenience.

Information to consumers, planned obsolescence and green claims

(28), (32), (33) and (34) The Commission is preparing a legislative proposal on empowering consumers in the green transition. The ambition of this proposal is to improve consumer information on environmental aspects such as durability and reparability of products. The Commission is also exploring the feasibility of measures strengthening the existing consumer rules in the areas of obsolescence and greenwashing (including non-transparency logos) that may include amending Annex I of the Unfair Commercial Practices Directive. In addition, the Commission is also working on a legislative initiative to substantiate green claims according to Product and Organisation Environmental Footprint methods.

The articulation of ongoing initiatives aimed at improving the reparability of products (latest implementing measures in the context of the Ecodesign Directive, which entered into force in March 2021 and upcoming work in the Sustainable Products Initiative) and providing better information to consumers, including on their reparability will support the implementation of the right to repair. Concerning the access to repair services, Member States are already obliged, under the new provisions of Directive 2008/98/EC on waste to be transposed by mid-2020, to take the necessary measures to encourage the availability of spare parts, instruction manuals, technical information, or other instruments, equipment or software enabling the repair and re-use of products.

As regards of the review of the Directive 2019/771/EU (Sale of Goods Directive – SGD), it should be noted that this directive is currently being transposed into national laws. Member States can already on the basis of the SGD decide to extend periods of both the legal guarantee (beyond minimum 2 years) and the reversal of the burden of proof (from 1 year to 2 years) periods. The SGD, as a horizontal instrument, applies to all products. Setting different rules depending on the lifetime of specific product categories would create legal uncertainty and practical difficulties for all parties in the supply chain to manage such a complicated legal framework.

As announced in the New Consumer Agenda, the Commission will examine what more can be done to promote repair, and encourage more sustainable products in the context of the SGD review. For example, the Commission might look at various options regarding consumer remedies, such as giving preference to repair over replacement, extending the minimum liability period for new or second-hand goods or restarting a new liability period after repair.

Green public procurement

(37) As stated in the action plan, the Commission, when preparing sectorial initiatives, will propose minimum mandatory green public procurement (GPP) criteria and targets. The Commission will explore the feasibility of introducing this type of criteria in the upcoming initiatives in key value chains. For instance, the Commission proposal for a new legislative framework for batteries, adopted in December 2020, includes a provision to establish such mandatory green public procurement criteria. Some of the other sector and initiatives possibly concerned are the revision of the packaging and packaging waste directive, the review of the energy efficiency directive and the new legislative framework for sustainable food systems.

The Commission is also exploring how to phase in compulsory reporting to monitor the uptake of GPP without creating unjustified administrative burden for public buyers.

Actions in key product value chains

The Commission is working on several initiatives to deliver in the key products value chains identified in the CEAP and that have been as well referred in the resolution.

(54) The Commission aims at presenting in 2021 a Circular Electronics Initiative to promote longer lifetimes of ICT devices (starting with mobile phones, tablets and laptops) and to avoid premature obsolescence, by ensuring they are designed for durability, repair, maintenance, dismantling, reuse and recycling and including a possible right to repair the design of which will be addressed at a later stage. The Commission will assess as well options to improve electronic and electrical waste collection and treatment, including by exploring options for take-back schemes.

(59) Initiatives addressing the environmental impact of artificial intelligence (AI) are included in the Coordinated Plan on AI review 2021 action plan developed together with the Member States.

(61) (64) and (102) The Commission presented a proposal for a Regulation for batteries in December 2020 that addresses the areas highlighted by the resolution. The Commission will also present a proposal to review the various legislative rules on cars and waste cars to bring them into line with the circular economy principles, in particular by giving first priority to prevention of waste, by addressing the design of cars and availability of information about the parts and materials used in cars to repair, by promoting recycled content in new cars, by increasing the recycling ambition and improving enforcement. The Commission will propose rules on the sustainable treatment of waste oils in the context of the broad review of the Waste Framework Directive in 2023.

(66) The Commission will propose a revision of Directive 94/62/EC on packaging on packaging waste by strengthening the essential requirements for packaging and bringing them in line with the waste hierarchy to ensure that all packaging is reusable or recyclable in an economically viable way by 2030 while respecting the objectives on food waste prevention, food safety or hygiene. This revision will also propose measures to prevent packaging waste, including by setting targets. The Commission is also committed to support the Member States in the attainment of the separate collection objectives on single use plastic bottles by sharing and promoting best practices, including on the deposit refund systems.

(75) (76) and (77) The Commission continues implementing the EU Strategy for Plastics in a Circular Economy (COM (2018) 028). The Commission is already working on measures to restrict the use of intentionally added microplastics in products (through a REACH restriction file) and to tackle unintentional emissions for example from textiles and tyre abrasion and from primary plastic production i.e. pellets. The Commission is also working on a policy framework for biobased, compostable and biodegradable plastics (both have their role in specific situations and products). The Commission is as well working on the implementing measures on single use plastics (SUP) and, as part of its evaluation, by the deadline foreseen in the legal text, will assess, among other elements, the need to enlarge its scope. The review of the essential requirements for packaging will aim to increase the re-usability of packaging.

(82) The Commission is working on a comprehensive EU Strategy for sustainable textiles, to create conditions and incentives to boost the competitiveness, sustainability and resilience of the EU textile sector, addressing its environmental and social impacts. this will be achieved by a comprehensive set of measures to ensure textile products are designed to be sustainable (e.g. looking into reparability, recycled content, innovative materials, etc), to boost markets for second hand textiles and to support sorting, re-use and recycling of textiles.

(85) and (86) The Commission recognises the significance of a building’s carbon footprint. After the publication of Level(s) in 2020, which provides a common language to define what a sustainable building is, the Commission will to start including these aspects in different policy initiatives. Ongoing revisions of key pieces of legislation impacting on building performance, such as the Energy Performance of Buildings Directive and the Construction Products Regulation, will consider how to reduce carbon emissions over the full life cycle, and other environmental impacts of buildings. Level(s) will play an important role in these developments. In parallel, the Commission is working to develop a 2050 whole life-cycle performance roadmap, with the aim to set out how to gradually reduce carbon emissions from buildings. This is an action from the Renovation Wave and is inspired by the work that a number of front runner Member States have done already. Excavated soil should as a priority be re-used and therefore excluded from the rules on waste management and contaminated soil should indeed be subject to the treatment according to waste hierarchy.

(89) As outlined in the Farm to Fork strategy, the Commission is committed to halving per capita food waste at retail and consumer levels by 2030 (SDG Target 12.3). Using the new methodology for measuring food waste, adopted in 2019, and the data expected from the Member States in 2022, by the end of 2023 it will set a baseline and propose a legislative proposal setting legally binding targets to reduce food waste across the EU.

(90) Closing the agricultural nutrient loop will be part of the Integrated Nutrient Management Action Plan (INMAP), which is included in the CEAP and a key action identified in the new Biodiversity Strategy (BDS) and the Farm to Fork Strategy to be presented in 2022. It aims to address nutrient pollution that is negatively affecting ecosystems by ensuring more sustainable application of nutrients, addressing nutrient pollution at source, increasing the sustainability of the livestock sector and stimulating the markets for recovered nutrients.

(91) The Commission intends to undertake effective measures to promote water reuse and water efficiency, including in industrial processes. The new Water Reuse Regulation, which will start applying in June 2023, will contribute to addressing water scarcity issues and facilitate improved water management in agriculture. Guidance to support the application of the rules and further legal acts, which the regulation empowers the Commission to draft, are under development. The Commission will look into further possible areas of promotion and application for water reuse including through research and innovation actions in the context of Horizon Europe. As for water reuse in industry, the ongoing review of the Industrial Emissions Directive provides an opportunity to assess strengthening the water-related elements of the directive; in addition, the Commission is looking into promoting water reuse and water efficiency in the BAT (Best Available Techniques) reference documents (BREFs). Most of the actions on water efficiency are pursued through the Common Implementation Strategy for the Water Framework Directive and the Floods Directive (ongoing), in particular giving attention to water permitting system, water allocation mechanism, cost recovery through water pricing, use of nature-based solutions, drought management, flood risk management, as well as climate change impacts. The Communication on the new EU Adaptation Strategy will contribute to ensuring resilient water management, including concrete measures for better quantitative water management (including water efficiency). Water efficiency is part of the high environmental standards foreseen in the Renovation Wave initiative.

The Commission has acknowledged the need to align the 30 year old Urban Waste Water Treatment Directive (91/271/EEC) with the principles of the circular economy. This is also stressed in the roadmap that was published for the launch of revision of the directive, which is due by 2022. In addition to the recovery of valuable materials from waste water and sewage sludge, the Commission will also assess in its impact assessment the potential to reduce energy consumption of the waste water sector and even consider the potential of clean energy production by the sector. In this context, the Commission also notes that the evaluation of the Sewage Sludge Directive is ongoing and the interlinkages between the two directives are subject to close scrutiny during the revision process.

(92) By revising the Drinking Water Directive and including requirements as regards access to safe drinking water, the Commission has addressed the issue of reducing plastic waste from packaged bottled water to the extent possible and the need to improve access to safe drinking water for the vulnerable and marginalised groups in each of the EU Member States. Since its entry into force in January 2021, work on implementing the directive has started both on Commission and Member States’ side.

(94) The Commission is committed to support the Member States in the implementation of the separate collection systems for bio-waste and scaling up recycling that generates high quality compost, in particular, by providing financial support and technical assistance by sharing of best practices.

Less waste, more value

(96) The Commission is already working on a feasibility assessment to underpin proposals for new EU waste reduction targets for specific streams and a broader set of measures on waste prevention in particular in the context of the upcoming and ongoing reviews of Directives, 2000/53/EC and 2008/98/EC. As such, they have been included in the legislative proposal for a new regulatory framework for batteries. The Commission will also enhance the implementation of the recently adopted requirements for extended producer responsibility schemes by providing guidance.

(97) and (105) The Commission remains committed to facilitating compliance with Union’s legislation in all the Member States, in particular on separate collection obligations and waste management targets, by providing financial and technical assistance and ultimately by taking enforcement measures. With regard to separate collection, the Commission intends to propose legislative measures harmonising separate collection models that lead to strong participation by citizens and high quality secondary materials.

(100) The Commission has committed to watch the scoping of waste streams to identify those that should be prioritised for the development of EU end of waste criteria based on factors such as contribution to the circular economy, scale of shipments across the EU, volumes generated, benefits for human health and environment, success rate nationally and added value for the circular economy. The Commission is in the process of defining that priority list of materials to start the development of the End-of-waste criteria in 2022 with the involvement of the Joint Research Centre.

(101) The Commission is working to review EU rules on waste shipment. This review aims first at facilitating shipments of waste for recycling within the EU. This should allow getting more waste treated in the EU. The review also looks at the possibility to restrict exports of waste that cause negative environmental and health impacts in third countries. The review might consider a proposal to move to fully electronic information exchange system which has proven essential during the pandemic. Finally, the review will look at enforcement actions to counteract illegal shipments. In parallel, the Commission is also working closely with Member State enforcement agencies and third countries to avoid that export of our waste becomes a problem for them.

(96) (104) and (107) With regard to the treatment of residual waste, the Commission will support the Member States in the application of the existing EU rules on landfilling which envisage an obligation to divert all recyclable and recoverable waste form landfilling as of 2030. The existing and future prevention and recycling targets reinforce the waste hierarchy in limiting the scope for thermal residual waste treatment.

(106) The way Member States report on municipal waste management has been significantly improved in the revision of EU’s waste legislation in 2018, including on the traceability of waste from collection to recycling. The legislation also calls on the Member States to extend the electronic registry on municipal waste to all waste streams. The Commission will monitor the implementation of the new rules.

Making circularity work for people, regions and cities

(113) and (114) The Commission in the context of the implementation of the SME Strategy for a sustainable and digital Europe (COM(2020)103) will propose SMEs funding and support industrial collaboration via advice under the Enterprise Europe Network and in the context of the European Cluster Collaboration Platform. The Commission will also ensure that its instruments in support of skills and job creation contribute also to accelerating the transition to a circular economy in a socially fair way and has recently updated its Skills Agenda and launched a Pact for Skills where circular economy is one of the key areas of action. The Commission will consider circular economy in the context of the adoption the Action Plan for Social Economy and in the implementation of the European Pillar of Social Rights Action Plan, including a new Strategic Framework for Occupational Safety and Health. The integration of social sustainability factors in the initiatives under the Green Deal, can contribute to a just transition towards circularity and climate-neutrality and address challenges and opportunities regarding employment, skills and workers' health and safety in the circular economy. In addition, the Commission will support investments in education and training systems, lifelong learning, and social innovation under the European Social Fund Plus.

(115) Cohesion policy supports actions and campaigns to raise awareness and to support sustainable consumption practices and behaviour.

(116) The Commission, in joint cooperation with the European Economic and Social Committee, manages the European Circular Economy Stakeholder Platform where Member States and other stakeholders can share their good practices. Capacity building and exchange of information will continue to be supported in the context of Cohesion Policy and Peer-to-Peer schemes such as TAIEX.

Leading efforts at global level

(121) On 22 February 2021, the Commission, on behalf of the EU, and in cooperation with the United Nations Environment Programme (UNEP) and the United Nations Industrial Development Organization (UNIDO) launched the Global Alliance on Circular Economy and Resource Efficiency (GACERE). The following countries have so far joined GACERE: Canada, Chile, Colombia, Japan, Kenya, New Zealand, Nigeria, Norway, Peru, Rwanda and South Africa.

The Commission is supporting the development by the International Resource Panel (IRP) of science-based targets for natural resources, so as to explore the feasibility of defining a ‘safe operating space’ for natural resource use. As part of the work by GACERE, the Commission plans to initiate a global conversation about the governance of natural resources and options to improve the current situation. This would contribute to preliminary discussions on an international agreement on the management of natural resources, informed inter alia by the results of the abovementioned work on a safe operating space for natural resource use.

(122) The Commission continues to lead the discussions at international level aimed at gathering support for a launch of negotiations on a global agreement on plastics during the resumed Fifth session of the United Nations Environment Assembly expected to take place in February 2022.

(129) In view of fostering circular economy, in the negotiation of the EU free trade agreements, the Commission seeks to include commitments on recycling, repair, and maintenance services and abolishing tariffs on repaired and remanufactured goods. It is also exploring how to bring a circular economy dimension in work on the environment in the WTO, including the possibility of the liberalisation of goods and services that promote the circular economy. The ongoing review of the EU Generalised Scheme of Preferences looks at environmental aspects, including green goods, but does not cover the circular economy specifically.