



**European Committee  
of the Regions**

**ENVE-VII/006**

**140th plenary session, 12-14 October 2020**

## **OPINION**

### **New Circular Economy Action Plan**

#### THE EUROPEAN COMMITTEE OF THE REGIONS

- stresses the urgent need to accelerate the transition towards a regenerative growth model, keeping resource consumption within planetary boundaries and reducing our footprint. For this it is imperative to decouple growth from resource use, to develop towards a true circular society and to cooperate at all levels of governance and society;
- emphasises that LRAs are a crucial player in the transition to the circular economy and that many competences of LRAs are related to resource management and the circular economy;
- insists that, to validate the principle "there is no waste" and to prevent the use of virgin resources, an obligation to use recycled materials is essential; urges the European Commission to set criteria whereby a substantial proportion of new products should be made of recycled material and recommends making this a part of the approach to key product value chains;
- takes the view that the reduction of CO<sub>2</sub> along product life cycles should be part of the targets;
- calls on the European Commission to propose a target on absolute waste generation per capita and for waste prevention targets for businesses and industries;
- calls for further development of criteria and targets on the powerful instrument of circular public procurement;
- calls on the European Commission and the Member States to reduce dependency on third parties and virgin resources, strengthen security of supply by firmer organising – especially scarce and critical – resource management and develop an EU Resource Policy Platform;
- stresses that new measurements beyond GDP are required as well as transformative innovation on economic and legal mechanisms to favour true circular innovation, including social innovation, the development of education and skills, and creating true circular jobs;  
calls on the European Commission, the Member States and LRAs to steer the investments from the EU recovery plan in such ways it guarantees long-term economic, social and environmental progress while reducing resource use, avoiding and removing hazardous substances and improving circularity of materials and systems.

Rapporteur

Tjisse Stelpstra (NL/ECR), Regional minister of the Province of Drenthe

Reference document

Communication from the European Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions on a New Circular Economy Action Plan for a cleaner and more competitive Europe  
COM(2020) 98 final

## Opinion of the European Committee of the Regions – New Circular Economy Action Plan

### I. POLICY RECOMMENDATIONS

#### THE EUROPEAN COMMITTEE OF THE REGIONS

##### A. General Comments

###### *On our responsibility*

1. expresses concern regarding the current pace of exploitation of the Earth, underlines that human behaviour is the cause of this disaster for which everyone is responsible and agrees with the NCEAP that the transition to the *carbon neutral*, circular economy will require cooperation between all stakeholders at all levels of governance and society;
2. stresses the urgent need to accelerate the transition towards a regenerative growth model, keeping resource consumption within planetary boundaries and reducing our footprint;
3. welcomes the European Commission's New Circular Economy Action Plan (NCEAP) as a strategic elaboration of the concept of the European Green Deal and as a constructive sequel to the 2015 Action Plan;
4. regrets the very short chapter in the NCEAP on the role of Local and Regional Authorities (LRAs) given that LRAs have an important role in the transition to the circular economy as a crucial player in initiating and scaling up much-required innovation – regions ensure that people, communities and regions adapt their daily actions in line with circular economy principles; stresses the importance of the potential of circularity for job creation as well as the need for support for the investments in new infrastructure for the actual collection, recycling and use of secondary material flows;
5. is impressed by the number of insightful stakeholder contributions and calls on the European Commission to use existing platforms such as the Urban Agenda Partnerships, the European Circular Economy Stakeholder Platform and local and regional government networks to enhance peer-to-peer learning and capacity building;
6. welcomes the Circular Cities and Regions Initiative, which will assist stakeholders with the development and implementation of territorial circular economy solutions. At the same time, however, the CoR stresses that circular activity must not be separate from other activities to protect the planet. The circular economy approach must be integrated into the climate, environmental and sustainable development activities of networks of towns and cities;
7. stresses that the ongoing debate about the principles of the circular economy can be an opportunity to decisively address the recurring issue of going beyond traditional GDP indicators<sup>1</sup>, i.e. including new elements other than those relating to economic performance, such

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<sup>1</sup> See SEC 2010 EU.

as: creating solidarity-based systems for an inclusive society; living within the limits of our planet; and a fair distribution of resources;

*On the COVID-19 context*

8. points out that the NCEAP was launched during the COVID-19 pandemic which has shown us how dependent we are on virgin resources and sees this crisis as a wake-up call in multiple ways;
9. calls on the European Commission and the Member States to reduce dependency on third parties and virgin resources and strengthen security of supply by firmer orchestrating of – especially scarce and critical – resource management and recommends a development towards an EU Resource Policy Platform;
10. welcomes the European Commission's focus on developing the secondary raw materials market, notably through investments in recycling;
11. has been impressed by the positive environmental side effects of the lockdowns (i.e. cleaner air, less water pollution, less harmful emissions). The resilience, creativity and innovativeness shown since the beginning of the crisis by citizens, public actors, businesses and economic actors should be used to support a profound ecological transformation of production processes and avoid a "catching-up" effect in terms of environmental degradation after the crisis;
12. calls on the European Commission, the Member States and LRAs to steer the investments from the EU recovery plan in such a way as to guarantee long-term economic, social and environmental progress while reducing resource use, avoiding and removing hazardous substances and improving circularity of materials and systems. The Next Generation EU Instrument must contribute to this goal through the provision of the necessary funding and should be accompanied by own resources that do not put any EU Member State in a disadvantaged position vis-à-vis other countries;

*On climate ambition, the Green Deal and SDGs*

13. calls on the European Commission, the Member States and the LRAs to ensure a timely implementation of the European Green Deal, ensuring that it serves as solid basis to relaunch the EU economy in a way compatible with meeting EU's energy, climate and environmental objectives;
14. insists on the key role of circular economy principles in reaching Sustainable Developments Goals, particularly SDG 12 on "Responsible production and consumption"; believes that applying circular economy principles will help transform broad objectives into action and the tangible transformation of society;
15. emphasises that the transition to the circular economy will strongly support the EU's climate change mitigation efforts and calls on the European Commission to establish further links between all Green Deal plans to provide the much-needed overall perspective and synergise

cross-overs through research and indicators and within the policy-making process, for instance in the Climate Law; stresses that it is equally important to couple circular economy policies with those targeting other environmental issues, such as the protection of biodiversity, or air and water quality; Applying the principles of the circular economy will have to become a common starting point in all sectors, such as the agricultural and food sector ranging from agricultural and food sector to construction to high end technical solutions etc.;

16. refers to cross section dependencies between circularity and climate protection. The integrated circular economy approach including design principles and take back systems can bring a significant contribution to directly mitigate GHG emissions;

#### *On targets and monitoring*

17. emphasises that to comply with planetary boundaries, it is imperative to decouple growth and resource use and regrets that the NCEAP does not include a total resource use reduction target. Previous measures at EU level have proven to be insufficient to reduce Europe's overall consumption of natural resources and raw materials. There is a case for devising alternative indicators to GDP as the basis for measuring development, indicators that are more consonant with the principles of a circular economy;
18. takes the view that the reduction of CO<sub>2</sub> along product life cycles should be part of the targets as this provides insight into investment and estimated results and therefore supports prioritising actions;
19. points out that tangible measures lead to tangible results and calls on the European Commission to accompany every key action with an estimated result and an ambitious timescale;
20. highlights that target setting needs to be ambitious and progressive to foster innovation; therefore, a system is needed in which every five years the best available solution or best practice of that moment sets the target for the following five years;
21. emphasises the need to develop and implement indicators at local and regional level in order to evaluate progress and challenges to overcome and help LRAs implement circular economy strategies;

#### *On the economic system*

22. concludes that it is fair that the costs for pollution, waste and emissions will be included in the pricing of non-circular products, which makes sustainable production comparable and competitive with non-circular ways of production;
23. points out that legal and economic mechanisms designed to facilitate activities that promote circularity and stop those that hamper circularity are helpful instruments, and urges the Commission to develop best practices for how Member States can move towards circularity and find joint cross-border solutions. Takes the view that decreasing taxes on activities that promote circularity and increasing taxes on those that hamper circularity is a helpful instrument and

welcomes the acknowledgement that Value Added Tax (VAT) is an effective instrument to address this. Future work in this area should take account of the consensus regarding the distribution of responsibilities linked to tax policy;

24. against this background regrets that the unanimity prevailing in the field of taxation restricts a greater flexibility for Member States in the use of VAT/tax rates, in order to support a real transformation of production and consumption patterns (beyond mere repair activities);

## **B. Local and regional authorities**

### *On competences*

25. emphasises that many competences of LRAs are related to resource management and the circular economy; therefore, LRAs have multiple opportunities to empower the shift to the circular economy; at the same time this shift requires a lot of know-how and financial investments. Hence, the Next Generation EU Instrument and other funds must contribute to this goal through the provision of the necessary funding;
26. points out that use of water, which is one of the most important resources, in households and industry leads to large amounts of waste water, and more water should therefore be reused in places where this is appropriate. Waste water also contains many valuable nutrients which can be recovered; therefore, states that in addition to research, innovation and funding, clear targets for nutrient recovery are needed;
27. highlights that the knowledge and interests of LRAs must be taken into account when setting targets for waste, especially if waste collection and waste sorting become more specialised;
28. calls on the European Commission to develop an innovative strategy to come up with a range of waste collection practices; regions and cities should cooperate here, rather than prioritising the top-down harmonisation of separate waste collection systems;
29. considers that public-private partnerships are essential in scaling up the circular economy to include mainstream economic players and that LRAs are the rightful gateway to PPPs; calls on the European Commission to stimulate such cooperation in its programmes;
30. emphasises that local and regional guidance and promotion of best practices help to accelerate the shift towards the circular economy, for instance on spatial planning and on construction and building;
31. calls on the European Commission to start a programme which brings together accurate information on material flows at local, regional, national and European level. This enables stakeholders to learn about the situation and activities elsewhere. The programme must be a transparent digital system and should analyse the situation at regional, national and European level. In addition, the programme should offer resources to develop such activities at all levels;

32. underlines that information on regional activities in innovation, existing capacities (infrastructure, expertise) and circular economy potential is crucial and regrets that these data are often scattered and fragmented, limiting their usefulness for regions; therefore encourages the European Commission to undertake a true evidence collection exercise taking into consideration the local and regional perspective on the EU strategy for industry;

#### *On public procurement*

33. stresses that public procurement is a powerful instrument through which LRAs can set standards and drive the market towards more sustainable products and services but emphasises that the complexity of the rules often encourages risk aversion by regional and local authorities; this makes it possible to guide purchases on the basis of Total Cost of Ownership (all life-cycle costs are covered, including social and environmental costs), with a potentially positive impact for the region;
34. calls for further development of green public procurement criteria and targets based on a review of the minimum environmental criteria (MECs) contained in the current EU public procurement directives<sup>2</sup>; recommends developing a set of positive innovation targets and calls on the European Commission to stretch these to become truly circular public procurement; reliable and transparent EU certificates and labels play an important role, particularly for environmental sustainability, with a view to providing legal certainty and reducing the burden of public procurement in municipalities and regions. In the case of public procurement, producers should be able to report on what has been done to prioritise the use of secondary raw materials in the manufacture of products and, where secondary raw materials could not be used to manufacture new products, to explain why not. In this regard, appropriate guidelines are helpful for verifying the recycled and/or recovered and/or by-product content in products subject to minimum environmental criteria. Transparent assessment systems and knowledge development among contractors will be necessary for this;

### **C. Resources and waste**

#### *On waste and the principle "there is no waste"*

35. states that many crucial resources labelled "waste" are available in Europe and emphasises that on the way to a true circular economy, a shift towards a zero-waste mindset is needed; underlines the importance to register raw materials to keep these available for reuse and give them an identity
36. sees it as an important principle that in the circular economy all materials will be designed in such a way that they become either nutrients for the biosphere or new materials for the next cycle of use;

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<sup>2</sup> Directives 2014/23/EU, 2014/24/EU, 2014/25/EU.

37. underlines the European Commission's proposal to modernise EU laws on waste and the supporting funds. A key point where this modernisation has to be speeded up is to create a new, quicker and easier legal framework for end-of-waste and by-product criteria;
38. calls on the European Commission to propose a target on absolute waste generation per capita and for waste prevention targets for businesses and industries; emphasises in this regard the importance (and impact) of the announced policy framework for packaging as well as the announced framework for compostable plastics;
39. emphasises that in the transition phase "from waste to materials", cross-border agreements can be crucial to avoid short-term solutions with negative environmental effects;
40. takes the view that where regions or cities have to catch up, abandoning the use of landfills, they should as starting point build upon each other's infrastructure at European level to handle waste in the transition phase (for instance, use existing waste incinerators instead of building new ones) and stresses that funding and coordination for this transition are needed. Efficient energy recovery, with the retrieval of metals and salts, should be encouraged for waste that cannot be recycled due to contamination, material fatigue or the difficulty of separating complex materials;
41. draws attention to the fact that waste management in the outermost regions is particularly problematic due to the limitations of the existing waste treatment infrastructure and the lack of economies of scale for the collection, processing and recycling of waste. Accelerating the transition to a circular economy (in Europe) should therefore show a directly measurable effect here. The current state of the management and treatment of waste in these regions can be used as a practical test with respect to acceleration. Furthermore, it can assist in the evaluation of existing instruments as well as in the deployment of new ones;
42. insists that to validate the principle "there is no waste" and prevent the use of virgin resources, an obligation to use recycled materials is essential; urges the European Commission to set criteria whereby a substantial proportion of new products should be made of recycled material and recommends making this a part of the approach to key product value chains;

*On preventing costs, safe materials and Extended Producer Responsibility*

43. regrets that LRAs often have to handle the negative effects of products which have reached end of use without a producer being responsible for taking them back, as (parts of) these products often pollute soil or air and LRAs end up bearing the costs of removing them;
44. underlines that preventing or addressing these costs directly at producer level is paramount and therefore welcomes the NCEAP's sustainable product policy framework;
45. stresses that producers have an important role to play in moving towards a circular economy. They must develop products with as small a planetary footprint as possible, and as far as possible avoid using virgin fossil materials as raw materials in their production processes. At the



same time, authorities also have responsibilities in terms of promotion, conditionality and regulation;

46. highlights that soil pollution is a growing concern in the EU; welcomes, therefore, the Commission's proposal to promote initiatives to reduce soil sealing, to rehabilitate abandoned or contaminated brownfield sites and to increase the safe, sustainable and circular use of excavated earth. Calls on the Commission to include compulsory diagnosis and tracking of excavated earth in this initiative;
47. welcomes the European Commission initiative to shift to "safe-by-design chemicals", because preventing or controlling the use of toxic materials is the easiest way to avoid such chemicals getting loose and avoids considerable costs for LRAs incurred by cleaning or regulating the transfer of polluted soil (for instance with PFAS); and notes that the control on toxic materials is not enough; rather complete transparency of components is needed in order to recycle or upcycle materials in an appropriate way;
48. calls for measures to promote the importance and implementation of Extended Producer Responsibility, while taking account of the various components of the circular economy. For example, the fragmentation of waste responsibilities undermines the development of waste management as a whole. The objective is to ensure business cases, in which producers also look into "safe-and-circular-by-design" consequences;
49. requests that not all producers set up their own "return logistics" as this might create an enormous logistics footprint; therefore, smart material/component specifications need to be defined, as well as clever reversed logistics strategies;
50. calls for the NCEAP to take the particular problem of marine litter into account. Given the cross-border nature of such waste, cooperation should be fostered between the governments of all marine regions in order to guarantee the sustainability of common resources, and to encourage regional and international cooperation in finding common solutions;

#### **D. Making the circular economy work**

##### *On awareness and action*

51. emphasises that the circular economy requires a new way of consuming and that awareness building is essential; LRAs are close to the people and so play an important role in bringing about the mindshift to another normal; therefore, calls on the European Commission to support projects at local and regional level which lead to tangible results;

##### *On skills and education*

52. stresses that in order to raise awareness, education is important both from "kindergarten to university" and of course on the job; therefore, cohesion policy funds should provide support for including the circular way of living in the curriculum of every kind of education, including the means of digital education, as well;

53. stresses that for well-educated purchasing decisions, consumers need transparent information about the percentage of recycled material in products;
54. underlines what the NCEAP has to say about support for skills and job creation but flags the risk that in the short term, jobs in the circular economy are relatively unskilled and in the mid to long term will be automated and lost to robotisation. On the other hand, there are opportunities for highly skilled jobs and therefore the updating of the Skills agenda should give proper consideration to both of these aspects;
55. recommends that regions which make a quick transfer to relatively unskilled employment (partly due to low labour costs) should be the first to benefit from support for education and capacity building so as to speed up the transfer to higher skilled jobs; this will foster technical and social innovation and support LRAs towards a versatile and resilient economy; Furthermore, updating of the Skills agenda should put also emphasis on regional differences - in particular on less developed regions - when it comes to the development of educational and skills strategies and programmes for upskilling and reskilling of labour force;
56. as CE requires integral, cross-sectoral and long-term thinking and acting, local and regional authorities are encouraged to manage their administrative and adapt organisational structures to support the promotion of the circular economy for instance to create new function profiles for government, such as the managers of smart cities and of the circular economy;
57. calls for the European Commission to launch support direct funding programmes for LRAs and SMEs in their efforts to tackle the transition to a circular economy in the means of education, reskilling and upskilling of labour force, as well as in investments and building resilience;
58. notes that further research and regulation on sustainable and recyclable material is needed. Especially if recycling does not mean downcycling to lower value products, the requirements for material separation and reuse become more ambitious in order to allow materials to be used in as many cycles as possible. Therefore the "cradle to cradle" approach gives a hint on how this principle of recycling before downcycling can be realised and depends on thorough product design;

*On a circular society*

59. insists that circular economy objectives be mainstreamed as a mandatory area in post-2020 cohesion policy and its corresponding fund, as this is necessary to provide the required impetus for promoting the transition to the circular economy starting at local and regional levels;
60. agrees with and underlines the conclusion of the NCEAP that the transition to the circular economy will be systemic, deep and transformative; the re-industrialisation of Europe must be based on the circular economy, pushing and promoting it through a real application of its principles and tools;

61. emphasises that the transition has to be fair because it is not just about the economy but predominantly about society, to which local and regional representatives are close; therefore, concludes that regions and cities are the most relevant "level of scale" in the path towards achieving a circular society;
62. makes the final point that as well as setting up a platform and legal framework for the circular economy within the Union, the Commission should also lay down strict import and export requirements so that the principles of the circular economy also have an effect beyond the EU's borders.

Brussels, 13 October 2020

The president  
of the European Committee of the Regions

Apostolos Tzitzikostas

The secretary-general  
of the European Committee of the Regions

Petr Bližkovský

## II. PROCEDURE

<b>Title</b>	New Circular Economy Action Plan
<b>Reference(s)</b>	COM(2020) 98 final
<b>Legal basis</b>	Own-initiative opinion
<b>Procedural basis</b>	Rule 41(b)(i) RoP
<b>Date of Council/EP referral/Date of Commission letter</b>	
<b>Date of Bureau/President's decision</b>	19 March 2020
<b>Commission responsible</b>	Commission for the Environment, Climate Change and Energy (ENVE)
<b>Rapporteur</b>	Tjisse Stelpstra (NL/ECR), Regional minister of the Province of Drenthe
<b>Analysis</b>	
<b>Discussed in commission</b>	8 June 2020
<b>Date adopted by commission</b>	9 September 2020
<b>Result of the vote in commission (majority, unanimity)</b>	Majority
<b>Date adopted in plenary</b>	12-14 October 2020
<b>Previous Committee opinions</b>	
<b>Date of subsidiarity monitoring consultation</b>	