EUROCITIES statement on products and markets in the circular economy

We welcome the Commission's intention to improve the circular economy package, in particular through more resource-efficient product policies and better conditions for secondary raw material markets, but also through more support for implementing waste legislation.

The Commission proposals tabled last year to review recycling and other waste-related targets [1] represented an important step towards improving resource efficiency and moving closer to a European circular economy. The proposals set out ambitious goals to increase the share of recycling and preparing for reuse of municipal waste.

However, these goals will be very challenging, in particular for local authorities at a time when public finances are extremely stretched and focussed on making further cost savings. Ambitious objectives towards a more circular economy can only be achieved if production methods are also changed, notably to increase product lifespans and to facilitate their upgrading, repair, reuse and recycling through changes in the use of materials and in product design. City authorities play a crucial role in improving waste management and transforming waste into raw materials for European industry. They already integrate resource efficiency measures with economic and social policies, such as in repair cafés. They are eager to use resource management further to ensure that the circular economy provides the widest benefits possible. City authorities are also willing to promote resource efficiency through public procurement, based on effective tools such as resource efficiency labels for products.

Following our statement on the review of waste targets and legislation[2], we propose the following on products and markets in the circular economy:

We recommend

1. Promoting the circular economy in product design (production phase)

Ecodesign

EU ecodesign rules and the packaging directive must ensure that more packaging waste is prevented, including through re-usable packaging, and that a sufficiently large share of products that end up in municipal waste is recyclable. Future revisions of the ecodesign regulation and the packaging directive should complement the new Extended Producer Responsibility (EPR) provisions to achieve this. Financial incentives could complement

[1] COM(2014) 397 final, including revisions of the EU Waste Framework Directive 2008/98/EC, the Landfill Directive 1999/31/EC and the Packaging and Packaging Waste Directive 94/62/EC

[2] EUROCITIES statement on the review of EU waste policy and legislation, October 2014, http://bit.ly/1t6eiPr

regulation, for instance reduced EPR fees for recycled content, recyclability or extended product lifespans.

Ecodesign rules have so far mainly addressed energy efficiency. These rules should be expanded to improve overall resource efficiency by, for instance, requiring higher durability and recyclability, more use of recycled materials and banning hazardous substances. In particular, ecodesign regulation should include specific, effective product design provisions for easy repairs with good availability of spare parts, upgrading, reusing, efficient dismantling, and recycling, and possibly also on using recycled material for production. Products should, where applicable and possible, follow a modular conception, and come with clear information about material content.

Producer guarantees
Regulation on producer guarantees could be revised and expanded, for instance expanding guarantees on electric and electronic devices, and introducing long guarantees for construction materials.

Reuse and repair
EU institutions should promote, and where necessary regulate and/or set targets to ensure that products

- do not feature 'built-in obsolescence'
- are as easy to maintain and repair as possible, notably ensuring easy access to repair and maintenance information as well as spare parts
- are designed for recycling
- use recycled material as input during production

These conditions are essential to support and expand the repair and maintenance sector, so that it can create more local jobs in the EU. Many cities promote reuse and repair, for instance by supporting repair cafés and centres.

New business models
Regulation and financial incentives should be explored that promote new business models such as leasing, buy-back, modular conception and repair. These models could ensure that producers have incentives to provide resource efficient products.

Policy coordination
European authorities should seek to deliver the optimal level rather than simply a high level of recycling, and consider the wider environmental impacts of resource efficiency. For instance, recycling targets of EPR schemes should not divert reusable products to recycling. In particular, EPR schemes could include requirements for the production phase of products – or benefit from these requirements set elsewhere.

Product requirements related to recycling should be coordinated with chemicals regulation, notably the REACH regulation.
Starting points When assessing which products to address first, the Commission should consider

- environmental impact of products during production and use, including energy and (raw) material use

- potential for enabling reuse, dismantling and recycling, for instance by allowing for easy removal and separation of materials
- amount and type of waste generated at the end of a product's lifetime, including the amount of additives and substances that could be classified as hazardous substances in the waste phase of a product's lifetime
- binding targets for reusable beverage packaging to ensure that its production does not decrease further. For instance, reusable bottles can be reused up to 40 times, saving resources and minimising greenhouse gas emissions

2. promoting the circular economy in consumption (consumption phase)

As the level of government closest to citizens, city authorities are well-placed to raise awareness for resource efficiency and the links between more sustainable consumption and waste prevention and management. European and national financial support for local authorities is important to launch and sustain awareness raising actions.

European authorities and member states should also explore financial incentives for more sustainable consumption. For instance, waste management fees for products in EPR systems could be based on the product's resource efficiency. However, it will be important to keep such systems fully transparent and sufficiently simple for consumers.

Public procurement is an effective tool to promote more resource-efficient consumption. It represents almost 19% of EU GDP. European authorities and member states should provide clear guidelines and recommendations to facilitate its local application.

A resource efficiency label for products, similar to the existing energy efficiency labels, would be a valuable tool for awareness raising, designing sound and transparent financial incentives and facilitating resource-efficient procurement. The Commission should explore how such a label could appropriately reflect relevant product characteristics such as the amount of virgin materials used, durability, re-usability, repair and maintenance, including upgrading or updating products[3] and recyclability.

As mentioned above, the European authorities should promote maintenance and repair, as they can significantly increase the lifetime and resource efficiency of products.

3. developing markets for secondary raw materials

European authorities and member states should develop markets for secondary raw materials through

- legislation or financial incentives that promote
  - incorporating recycled materials into products
  - recyclability of products
- a quality label for recycled materials: the label should provide clarity on key characteristics of recycled materials. This would make it easier to coordinate market demand and supply.

New calculation methods for recycling should ensure that only material that has actually been recycled is counted as such. Recycling materials into the same material (closed loop recycling) should be rewarded.

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[3] For instance, upgrading the memory space of mobile phones

Producers, recyclers and waste management authorities should cooperate to define the appropriate quality and characteristics of secondary raw materials that will help match supply and demand. Different levels of government could also coordinate more. Currently, waste treatment and the markets for secondary raw materials are regulated at EU, national and regional/local level. Adjusting regulation to local circumstances remains important for effective waste management. However, more coordination could help ensure that differences in local, regional or national legislation do not hinder the development of markets for secondary raw materials.

When it comes to specific materials and substances, European authorities should

- explore how to better address hazardous substances in the waste stream, including improvements to REACH as well as support for research on the environmental and health risks of substances used in materials to be recycled. Many products and materials that end up in the municipal waste stream contain various hazardous substances. Identifying and sorting them will be essential to reach ambitious recycling targets and ensure sufficient quality of secondary raw materials
- consider how to increase knowledge on tracing and extracting critical raw materials[4] from products
- envisage a strategy on construction and demolition waste. The amount of construction aggregates in the waste stream is expected to increase dramatically in the future, due to a large number of buildings, built after World War II, reaching the end of their lifetime
- mainstream resource efficiency in all policies that concern wood/biomass, such as Energy Union and policies on the bioeconomy

4. innovation and investment (sectoral measures and enabling factors)

Horizon 2020, in addition to European Structural and Investment Funds for financing infrastructure and installations, should fund pilot projects in cities that develop and roll-out innovative waste management and technologies. It should also fund the exchange of existing good waste management practices between cities. The European Commission and member states could also facilitate and fund cooperation between cities and industry to make products more sustainable, building on positive experiences such as the Plastic Zero[5] and the MED-3R projects[6].

More information and data, notably on material flows and consumption patterns would improve circular economy policies.

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[4] Critical raw materials have a high supply risk and economic importance, cf. COM(2014) 297, http://bit.ly/1My0NSJ

[5] http://www.plastic-zero.com/

[6] http://www.med-3r.org/index.php/en/about/the-med-3r-project