



Circular Economy Action Plan

Speeding up the green transition of the EU's economy

July 2020



Key messages

1. An EU target to halve the amount of residual (non-recycled) municipal waste by 2030 should be combined with adequate binding targets for industrial and commercial waste, together with clear and transparent calculation methods.
2. The European Commission should incentivise the use of recycled materials, especially construction materials, plastics, and textiles, to stimulate demand for and support functioning secondary markets for raw materials.
3. All levels of government must work together in policy design and development of guidance on how to efficiently transition from 'take-make-waste' to a circular economy.
4. Building upon the circular indicators identified by the Urban Agenda Partnership for Circular Economy, the European Commission should develop EU level indicators and help cities unlock their purchasing power potential through sustainable public procurement.
5. The EU must invest more in improving circular public procurement, jobs and business creation to harvest the positive impact of circular economy in cities.
6. Cities need financial and technical support to replicate and scale up successful circular economy projects, which in turn will generate EU added value.

By 2050, two thirds of the global population will live in cities. Under the current 'take-make-waste' economy, cities consume over 75% of natural resources, produce over 50% of global waste, and emit between 60-80% of greenhouse gas emissions (GHG).¹ Circular economy in Europe has the potential to increase EU GDP by an additional 0.5% by 2030 and to create around 700,000 jobs, while decreasing our environmental footprint and GHG emissions.²

A fully-fledged circular economy requires rethinking the way of making and using products and services while exploring new ways of ensuring long-term wellbeing for all. As major engines for economic development, cities can drive the circular economy agenda forward to unlock economic, environmental, and social benefits.

In the aftermath of the COVID19 crisis, the link between environment, health and social inclusion must be reinforced and rethought, reflecting on the de-materialisation of society and on circular resource loops.³ Our approach to production and consumption has also been questioned: we need to bring our strategic value chains and industries back to Europe to produce and consume locally, lowering our transport emissions and therefore reducing our climate

¹ Ellen Macarthur Foundation (2018)

² European Commission, Circular Economy Action Plan (2020)

³ OECD (2020)

footprint. The Circular Economy Action Plan (CEAP) is a key initiative to relaunch the society post-COVID19, by accelerating the transition towards a more sustainable and circular economy, in line with the Sustainable Development Goals.

Less waste, more value

Waste generated in Europe between 2010 and 2016 increased by 5%. Most waste does not flow back into the economy as a resource.⁴ Cities support the proposal of shifting the focus from waste to the product level to generate less waste, create more value and foster circularity.

A target to halve the amount of residual (non-recycled) municipal waste by 2030 is a step in the right direction. It should be complemented with adequate binding targets for industrial and commercial waste, based on clear and transparent calculation methods holding the sector to account.

At the same time, Extended Producer Responsibility (EPR) schemes will continue to play a role in turning unavoidable waste into a resource. However, the full potential of EPR schemes can only be realised through further European harmonisation of national rules, while respecting minimum requirements such as governance of all relevant stakeholders and clear targets following the waste hierarchy.

Designing an EU model for separate waste collection can be useful for some but should not be the only way to source separate waste from households. Several cities have already implemented efficient separate waste collection systems and need the flexibility to adapt systems that are suitable for their local situations. Cities must be included in the design of such policies to ensure successful models.

An EU target for recycling is essential, but local authorities must have full flexibility to take into account local situations and local diversity in implementing this target. The recycling targets proposed in the Waste Framework Directive are very ambitious for cities. A shift in how products are designed, produced, packed, transported, delivered and consumed is fundamental to helping cities and the waste management industry transform waste into materials for new production.

The Circular Economy Action Plan could also consider energy recovery. Member states need to take responsibility for the residual waste generated after sorting and recycling, which could be incinerated in accordance with the EU waste hierarchy. Member states could introduce waste incineration with power generation (CHP) or use agreements with other countries to ensure that waste is incinerated when exported.

In addition, we urge the European Commission to:

- come forward with a proposal for an EU regulation to incentivise the re-use and refund of beverage bottles, in line with the current single-use plastic legislation.
- insist on the development of national Waste Management Plans as a condition for allocating structural funds to the necessary infrastructure for waste management.
- support initiatives such as the Close the Glass Loop, that brings together industry, EU member states and local governments, to establish a material stewardship programme that will result in more glass bottle-to-bottle recycling.⁵

⁴ [European Commission's website](#) (2020)

⁵ [Close the Glass Loop project](#) (2020)

Key product value chains

- **Plastics and packaging**

It is essential to find ways to favour recycled plastic products to ensure the emergence of new sustainable business models for products made of recycled plastics.

On microplastics, the Circular Economy Action Plan remains focused on quantifying the pollution. When it comes to microplastics, one of the main challenges is that the sources (mainly unintentionally released) are as diverse as the pathways (storm water, wastewater, sludge, snow, sand, deposition). This means that measurements, both upstream and downstream are varied and work across several different services in municipalities. It is vital to quantify and measure the pollution created by microplastics, and crucial to agree on a clear definition and transparent standards.

The increased use of various forms of biodegradable plastics, including in packaging, calls for caution. Most citizens are not able to distinguish between biodegradable plastic and other kinds of plastics, and thus cannot identify if plastic packaging should follow the plastic packaging or the bio-waste stream. Biodegradable plastics are likely to increase collection and sorting costs and harm the quality of secondary plastic material. Fossil-based plastic can also contaminate the bio-waste stream and cause problems in the composting process. If compost or dry matter from digestion is to be used in agriculture, the quality should be high. The potential entry of microplastics and pollutants through biodegradable plastics must be prevented. Cities have real concerns about the feasibility of bio-based and biodegradable plastic waste management.

Finally, hazardous substances - identified today and in the future - are an important challenge and need to be addressed properly to facilitate the recycling and uptake.

We recommend that the European Commission:

- sets ambitious mandatory requirements for plastic packaging and incentivise recycled content in plastics packaging and in plastic products.
- proposes strict measures to decrease the pollution created by microplastics at-source as soon as possible.
- assesses if biodegradable plastics can benefit the environment or create more littering and hamper waste collection and reuse.

- **Textiles**

We are willing to work with the Commission to design the new EU Textile Strategy: our expertise on waste management, combined with our close relationship with the EU citizens, make us crucial to successfully closing the textile loop.

Today 73% of all textiles end up in landfill or incineration.⁶ As from 2025, EU member states and cities will have to collect textiles separately. City authorities have the right capacity for sorting textiles and to improve local operations for reuse and recycling. Still, producers must be responsible for the waste created, in accordance with the extended producer responsibility system. Making producers responsible for the textiles they sell, and their associated waste, is key to fostering new business models based on reuse and repair.

Reducing the amount of hazardous substances (chemicals, microfibres, microplastics) in textiles at-source will also be vital for closing the textile loop. In addition, a clear legal definition of textiles used is clearly needed.

⁶ [Ellen MacArthur Foundation](#) (2017)

There is a need for closer cooperation among all actors, including in the fashion sector, to make the value chain more sustainable and design textile products that fit better in a circular economy.

The proposals of the Commission to make sustainable products the ‘norm’, as well as the creation of an electronic product passport for textile garments will be essential for the textile sector.

We recommend that the European Commission:

- works with city authorities to develop guidance on how to ensure high levels of separate collection of textile waste as well as on how to deal with these collected textiles as part of the EU Strategy for Textiles.
- enforces a functioning transparent market for secondary raw materials and circular products. The EU could also consider stimulating the demand by incentivising the use of recycled materials and disincentivising the use of virgin materials in textiles.

- **Construction and buildings**

The construction sector has great potential for circular economy: buildings generate 30% of worldwide GHG emissions and the construction sector is the largest consumer of natural resources.⁷ A strategy for a sustainable built environment is much needed, and the scope must include also infrastructure and public spaces. Digital passports for buildings and other identification methods are essential instruments for a more sustainable construction and building sector, keeping track of materials used and renovations made during the long lifespan of buildings and other constructions.

‘Reduce, Re-Use, Recycle’ are the three blocks of a circular economy. The first priority is to minimise material use in the design of buildings. Refurbishing a building in a way that it can be dismantled, and its elements and materials separated, preferably using secondary raw materials, creates interesting opportunities and transforms buildings into materials repositories. Also, building requirements and standards pose a huge challenge for building authorities regarding the reuse of building parts and materials.

The Action Plan should put more emphasis on biobased materials to capture CO₂ and lower the demand for raw materials. In the construction sector, developing a competitive secondary materials market would create demand for both quantity and quality of reuse and waste materials, directly increasing circularity.

We recommend that the European Commission:

- collects best practice examples of minimal material use in buildings to support the developments toward circularity in the construction sector.
- develops guidance on building requirements and standards to support building authorities in shifting to circular practices.
- emphasises increased use of biobased building materials in the Construction Product Regulation while taking into account their safety and functionality.
- provides funding for circular infrastructure projects in the construction sector as well as better public procurement rules, to enable the use of green public procurement tools and life-cycle assessment.

⁷ WEF, Shaping the Future of Construction A Breakthrough in Mindset and Technology, Geneva: World Economic Forum (2016)

Water, agriculture and nutrient: broaden the scope

The Circular Economy Action Plan lacks specific actions related to water. Successful recovery of material and/or substances requires the full implementation of control-at-source measures to ensure that waste water is not accumulating pollutants that would threaten the quality of the recovered products or would require extra treatment, carried out by cities, to ensure that the recovered product achieves the quality required by the market.

The food and agriculture sector, as well as the transport of food, the regeneration of natural resources, the nutrient cycle and water management are essential aspects for the development of circular cities. These sectors should be included into an integrated vision for a circular economy. We therefore believe that the CEAP should go further and include these sectors in its scope.

Making circularity for people, regions and cities

- **Indicators**

Measuring the transition and benchmarking progress will be crucial in the transition towards a circular economy. The Commission could build upon the circular indicators identified by the Urban Agenda Partnership for Circular Economy.⁸ The identification of circular indicators at EU level, based on circular rather than linear data, would also help cities to unlock their important purchasing power potential.

- **Innovative, green and circular public procurements**

Public procurement is one of the most valuable tools for public authorities to send signals to the market and support the creation of innovative, green and circular solutions. However, for the successful procurement of new solutions, local authorities need to establish a dialogue with suppliers, encouraging their R&D efforts and evaluation of circular solutions.

Despite the potential, the uptake and use of green, innovative or circular procurement remains challenging at local level. The European Commission should facilitate the further uptake of green public procurement criteria in public procurement tenders and its link with circular and innovation procurement, by, for example, further supporting the sharing of successful procurement criteria between local authorities, the creation of procurement strategies, the setting up at national level of procurement brokers, initiatives to incentivise market dialogue and the introduction of shared and standardised methods which integrate a lifecycle assessment for the circularity of products in the buying process.

Finally, we suggest that a useful way to prioritise potential actions by means of purchasing power, could be based on the European ‘Waste Hierarchy’: reduce, reuse, recycle and recover.

- **Maximising the potential of circular economy in the economic development of cities**

The environment sector is among the most promising for Europe’s economic development. Circular economy is a key driver for economic change and innovation at local level, for testing new business models and for creating new jobs, also for people far from the labour market. Cities can implement holistic approaches to overcome silos and connect the environmental goals with economic and social objectives, including fighting social exclusion. Cities are active agents shaping the local economy, mapping local opportunities, linking the business communities with research and innovation stakeholders, civil society, education and training agencies. Cities should receive adequate support, from national and European levels, to facilitate the creation of new circular businesses invest in skilling and upskilling people into new circular jobs and to test innovative economic models in partnership with local businesses and innovation stakeholders.

⁸ <https://ec.europa.eu/futurium/en/circular-economy/issues-and-mapping-paper-indicators-circular-economy-transitions-cities>

- **Scaling up the positive impacts of circular cities**

The circular economy already has a positive economic, environmental, and social impact on urban life. Cities are using opportunities created by the circular economy to (re)localise activities (in particular in underprivileged areas of our cities), support social inclusion through the creation of new activities and boost the development of skills. The circular economy creates additional purchasing power for citizens, who can access new offers of goods and services (repair, reuse, recycling) at a lower price with equivalent quality.

We support the introduction of environmental taxation to foster sustainable behavioural changes, using, for instance, VAT rates to promote circular economy activities that target final consumers, such as repair services.

Local authorities have already implemented innovative solutions and those should be replicated and scaled up at local, regional, national and European levels. European funds and instruments, such as Horizon Europe and the European Urban Initiative, should provide cities with technical support to work on upscaling and replicating successful circular economy projects.

The Circular Economy Action Plan is a good starting point - now the hard work lies ahead. The announced initiatives should be put forward without further delay. City authorities are ready to collaborate with all levels of government and sectors to make this transition towards a circular economy a reality.