

SUMMARY

High-level Meeting with BusinessEurope

Participants: Commissioner Virginijus Sinkevičius, a member of his Cabinet and representatives of BusinessEurope and companies that are its members.

Description: The Commissioner met BusinessEurope in the context of their periodic in-house high-level meeting with EU politicians to present the upcoming circular economy policies in line with the European Green Deal. He delivered a speech on the circular economy and biodiversity, highlighting the role of business, followed by questions and answers. Business Europe presented their main priorities on the circular economy for the next EU political cycle focusing on a functioning market for secondary raw materials (SRMs) and circular products accompanied by enhanced investment and global level-playing field; better implementation of the existing waste acquis, including more guidance to Member States; integrating circular economy thinking into other legislation; improve consumer engagement by reducing barriers and increasing incentives.

SPEECH

Good morning ladies and gentlemen, and thank you for this invitation.

It's a pleasure to be speaking to people who have seen that the future is circular, and who have thought very carefully about the implications. Europe couldn't go circular without you, so it is very gratifying to see the interest that you show in these changes.

You know that the trends are going in the wrong direction. Natural resource use has tripled since 1970, and it keeps on growing. Extracting and processing raw materials is causing 90 percent of biodiversity loss. We have to stop these trends, or we won't be doing business anywhere. It will not be reality constructed by regulations. It will be reality caused by nature.

This new Commission understands the need for deep and lasting change, and that sense of urgency comes through very strongly in the new Green Deal.

It's going down very well, in all quarters. Almost every day we see new business and political leaders talking up the deal, and showing how to deliver on its contents.

The aim is to reinvent our economy. To reduce pressure on the environment and resources, while remaining an agenda for growth.

The first Circular Economy action plan put circularity high on the EU agenda, with a revision of the waste legislation, a new strategy for plastics, and fifty more concrete actions.

This second plan is designed to accelerate the transition. We are putting a strong focus on the full life cycle of products, and looking for far more widespread changes in the way we produce and consume.

We are targeting sectors that have a high potential for circularity, such as textiles, construction and electronics. Adoption is planned for March.

The plan will come out in tandem with the new industrial strategy, allowing us to address the challenges of the green transition and the digital transformation at the same time. For both, the central concern will be ensuring that the EU doesn't just remain competitive on global markets, but points the way to a more promising future as well.

There will be many elements, even more than in the first action plan. Discussions are still on-going, so I can't be too specific, but we are looking to include an initiative for a sustainable products framework, to ensure that sustainable products become the norm. It

will address products placed on the EU market. The aim is to extend their lifetime, and reduce the environmental impacts that arise at all stages, including manufacturing, use and end-of-life.

I want to see measures that enable consumers to choose reusable, durable and repairable products. So we are considering a new 'right to repair' and measures to curb premature obsolescence.

We will also step up efforts to tackle false green claims. If you make a green claim, it should be reasonable to assume that the claim can be substantiated against a standard methodology.

As I said, the focus areas will be sectors with a high potential for circularity.

The first of these is plastics. We need to ensure the swift implementation of the 2018 Plastics Strategy. New measures will tackle micro plastics, targeting intentional and unintentional release.

There will be new requirements to ensure that all plastic packaging in the EU market is reusable or recyclable in an economically viable manner by 2030. We will also develop a framework for biodegradable and bio-based plastics, and implement measures on single use plastics.

Textiles are another focus area. This sector has a strategic position in the EU economy, with major impact on employment, clothes, shoes, carpets, upholstery and so on, but it also has a massive impact on the environment as well. In fact according to the European Environmental Agency, the industry ranks number four in terms of pressure on primary raw materials, after food, housing and transport.

When you consider that only one percent of textiles is recycled, and that practically all the rest is either incinerated or ends up in landfill, you start to understand the importance of changing the model.

So there will be measures for the whole life cycle of textiles, reinforcing tools that are already in place, such as Extended Producer Responsibility, Green Public Procurement and the Ecolabel. We will also take into account the huge increase in available resources that is on the way, with upcoming obligation for separate collection of textiles by the end of 2024.

In fact the whole of the plan will emphasise transforming waste into resources and avoiding waste in the first place. I know that this is a particular concern for many of you here, so I can assure you that we'll be looking very carefully at the implementation gap, and doing all we can to ensure that EU legislation delivers on the ground.

There will almost certainly be changes to waste framework legislation. I don't want to prejudge the outcome, but we will be reviewing the legislation on batteries, end-of-life vehicles, hazardous substances and waste shipments. And I will be looking to focus more on prevention, on delivering cleaner waste streams, and raising the quality of recycling.

The first legislative proposal will come later on this year, on batteries.

Many of you have asked to hear about biodiversity. This is another area where Europe has genuinely global ambitions, but if we want the world to follow, we have to lead by example. That means adopting a biodiversity strategy that is ambitious, transformative, and convincing. We're working on exactly that, and it's scheduled for end of March.

I want to see higher conservation targets for the Member States, but some of them still aren't living up to their current obligations. So we'll start with a strong push to enforce the legislation that's already in place on nature, water and marine ecosystems – followed by more ambitious targets.

We must complete the network of protected areas, and strengthen its management, to safeguard the most valuable habitats and species.

And we need to fix the damage already done. This means a broad restoration agenda to bring back high-quality nature. Not just in the most valuable protected habitats, but in agricultural landscapes, cities and forests as well.

As with industrial policy and circular economy, we are looking for multiple wins. Nature is our best ally in the fight against climate change. Nature-based solutions need to be far more widespread – they deliver results, including direct benefits for citizens, and they often cost less, even in the shorter term.

Above all, we need to build a new way of thinking into our economy. The long-term goal here is a more biodiversity-friendly economy, where we integrate nature values and targets into key sectors. Transformations in all sectors, from trade and production to lifestyle and consumption patterns.

It's very important that no one feels intimidated by the questions we are discussing today. I want you, as representatives of the business community to feel part of this process of change. For practical reasons as much as anything – it isn't going to happen without your support.

You are the ones who will be changing business models. You'll be designing the solutions of the future. You will be bringing more sustainable products and services to the market.

We can help in all of those areas. These plans will be supported by funding for innovation and investments. We will make sure that companies, and SMEs in particular, also have fair access to non-financial support.

And it's not just about the funds. We will continue the positive experience of European Resource Efficiency Knowledge Centre and the Stakeholder Platform, and we will help SMEs collaborate via clusters.

We have also heard the call to step up efforts in dealing with skills changes and mismatches. So the Action plan will include suggestions in this new area of work.

Today, we are still in listening mode. Everything is approaching completion, but there is still time for the all-important fine tuning, which makes such a big difference to the end result. We need everybody on board. I want you to be on board. That's why meetings like this one are especially important.

So, ladies and gentlemen, it's over to you. I am very keen to hear your views about the circular economy and anything else you'd like to discuss in the context of the Green Deal.

Thank you.

Q&A

The European Strategy for Plastics calls for greater cooperation by all its key players, from plastics producers to recyclers, retailers and consumers, innovation and a shared vision to drive investment in the right direction. However, the Single Use Plastics Directive so far gives certain producers very little incentive to innovate in order to create products with less plastics. In the absence of viable alternatives, they are left with no more options than focus on the waste collection.

How will Commission ensure that the costs are (1) proportionate and (2) consistent across the Member States?

- The Single Use Plastics Directive is an essential part of the Plastic Strategy. We have to take the necessary measures to address the sustainability challenge posed by plastics, which otherwise has great functionalities.
- The Single Use Plastics Directive aims at substituting single-use products by re-usable products to change our “throw-away society”.
- At the end of life, good waste collection schemes are a necessary step to avoid plastic being littered in the environment but also to ensure that the value of plastic is maintained in the economy.
- Extended Producer Responsibility (EPR) schemes have proven to be an efficient way of dealing with the cost of waste collection and recycling. Such schemes will have to be set up under the new Single Use Plastics Directive to cover not only costs of waste collection and management, but also costs of litter clean-up, awareness raising and data reporting.
- EPR will ensure that producers have the right incentives to ensure that their products are reusable, recyclable (and actually recycled).
- At the same time producers only have to pay the cost to ensure the attainment of the objectives in a cost-efficient way.
- The Commission is currently preparing guidelines for the implementation of EPR requirements to promote best practices and more harmonised approaches across the EU. Extensive stakeholders’ consultations are on-going.
- Moreover, the overarching Strategy for Plastics includes actions to drive innovation and investment towards circular solutions.
- Until 2020, an additional EUR 100 million will be devoted to financing priority measures, including developing smarter and more recyclable plastics materials, making recycling processes more efficient, and tracing and removing hazardous substances and contaminants from recycled plastics.
- Finally, the Strategic Research and Innovation Agenda on plastics provides guidance for future research and innovation funding after 2020.

In its December Communication on the European Green Deal the Commission acknowledges that it takes 25 years to transform an industrial sector and all its value chains. The time cycle of industry, especially process industries such as chemicals, is indeed long. At the same time, to effectively address the challenges of the climate crisis, environmental policy needs to be adopted quickly and effectively. How does the European Union – at least, the Commission – foresee the process that will balance the need for timely environmental action with the complexity and time constraints of the necessary industrial policy that needs to accompany it?

- Timely environmental action is crucial to both protect the environment and protect our industrial base from systemic risks due to climate change – since climate change and environmental degradation are threat to our business and to the global economy.
- The Circular Economy Action Plan and Industrial Strategy serve precisely the purpose to support and empower the industry to come up with swift actions while at the same time considering the complexity of the challenge.
- This is why we value industry’s feedback and expertise when improving legislation and introducing non-legislative measures: in line with Better Regulation rules, I

commit to continue such fruitful cooperation and keep seeking constant dialogue with industries to – inter alia – address this type of considerations.

- The CE Action Plan will be supported by funding on innovation and investments. Such investments will also help companies to create virtuous environment where transformation can thrive, hence dealing with complexity.
- Moreover, we believe that new models of cooperation such as clusters can help local business communities to progress towards circularity and minimise the eventual burdens that such transition might bring.
- We will work to support clusters in circular economy via the upcoming SMEs Strategy.
- We will make sure that companies also have fair access to other types of non-financial support. For example, we will continue the positive experience of European Resource Efficiency Knowledge Centre and of the European Circular Economy Stakeholder Platform.
- Finally, let me also add that we have heard, in past years, your concerns about the need to step up efforts in dealing with the possibility of skills changes and mismatches. A prepared workforce is key to deal with complexity and time constraints. The CEAP will include actions in this new area as well.

How is the Commission planning to create demand for sustainable low-carbon products and how is the Commissioner planning to boost the market for secondary raw materials? For example, when it comes to paper and board packing - which is widely used and is the most recycled packing material in Europe - it is important to note that we need both fresh and recycled fibre packing. They have different properties and end uses. Fresh fibre is pure and safe and it can for example be used in direct food contact. In some countries, recycled fibres cannot be used in direct food contact. How can we secure that a possible recycled content requirement will not compromise product and food safety?

- The new Circular Economy Action plan will provide more details as regards recycled content rules for plastic in products, including in the context of the upcoming review of the End-of-Life vehicles Directive as well as for construction and building materials.
- The Commission is developing rules to implement the Single Use Plastics Directive which requires 25% recycled content to be used in PET single-use beverage bottles by 2025 and a 30% recycled content in all single-use plastic beverage bottles.
- The measures that Member States will take will need to comply with Union food law to ensure that food hygiene and food safety are not compromised.
- The Commission (DG SANTE) is also in the process of issuing authorisations for the use of recycled plastic in food contact material.
- At the moment the Commission (DG SANTE) is evaluating food contact rules to bring about further harmonisation.
- The Farm to Fork Strategy is expected to announce further steps with regard to food contact materials.

How could we make sure that in the circular economy action plan the role of bioeconomy and its benefits are fully recognized? How could we secure that the actions on less performing sectors or materials do not influence negatively the further improvement of circularity of well performing sectors and materials?

- The European bioeconomy needs to have sustainability and circularity at its heart to be successful.
- If circularity principles are fully embedded into the approach of the bioeconomy, the bioeconomy can help increase the overall sustainability of our economic system.
- The Commission is currently implementing the 2018 Bioeconomy Strategy, which proposes a set of concrete actions that will help to scale up and strengthen bio-based sectors.
- At the same time, we have to protect our ecosystems and make sure that the bioeconomy remains within the ecological boundaries of our planet.
- We are also working to link Horizon Europe priorities with the EU Biodiversity Strategy to ensure that all research covering the bioeconomy take into account such considerations.
- As announced in the European Green deal, European funds, including for rural development, will help rural areas to harness opportunities in the circular and bio-economy.
- The upcoming Circular Economy Action Plan will likely look at exploring options to implement this vision, such as making better use of our biowaste in a circular way.
- The bioeconomy could also help to mitigate climate emissions and the Circular Economy Action Plan is considering measures to potentially increase the uptake of circular, nature-based solutions to reduce overall GHG emissions.
- I would also like to mention the new EU forest strategy, as announced in the Green deal: one of its objectives is to promote the bio-economy, in full respect for ecological principles.
- In short: there is a future and a lot of potential for a sustainable bioeconomy in Europe.

What is the Commissioner's view on expanding further CSR reporting, and what impact could such a trend have on the market?

- Improved and more consistent sustainability, or so-called 'non-financial', reporting will meet the growing demand for adequate and reliable information on sustainability impacts, risks and opportunities faced by business.
- It will avoid unnecessary administrative burdens for companies and it will support the transition to more sustainable economic activities/products/services, infrastructure design, consumption patterns, etc.
- Corporate boards have begun to realise that assessing, valuing and accounting for companies' impacts and dependencies on natural capital and ecosystem services equips management to address the challenges facing them in the 21st century as we increasingly push up against planetary boundaries.
- We need to encourage initiatives that help companies to identify and internalise their environmental footprints and risks exposure into core business decision making. This

will support a successful transformation and future-proofing of our companies and the broader economy.

We have a successful air quality policy in the EU, but the regulatory measures have not been well synchronised in the past. The limit values in the Ambient Air Quality Directive did not correlate with regulatory measures at source. For example, for the No2 limit value of 40 milligrams, which will apply from 2015, there should actually have been a much greater fleet penetration with Euro 6 vehicles on the road. However, Euro 6 did not come into force until 2014. Similar developments can be observed in the air pollution requirements for industrial plants. Can you ensure that, in the spirit of "better regulation", the Commission's Directorates-General working on air quality dossiers coordinate and agree more closely than in the past?

- The Ambient Air Quality Directives set air quality standards for the purpose of reducing harmful effects of air pollution on human health and the environment.
- Of course, improvements of air quality are closely linked to the reduction of emissions from the main air pollutions sources, especially transport, energy, industry and agriculture.
- However, air quality standards were set not in the light of or as a function of the expected effect or timelines of the emission standards laid down by EU road transport legislation. Nevertheless, it is worth noting that the 2008 ambient air quality directive was informed by the Euro standards (Euro 5 and 6) as established in 2007.¹
- Furthermore, ultimately the choice of measures to ensure that air quality standards are respected remains in the discretion of the Member States, in line with the principle of subsidiarity. Transport-relevant measures can aim at technical improvements, behaviour change and demand management (promoting cleaner modes of transportation via urban planning or car-sharing options), or at infrastructure investment (e.g. for alternative fuelling or public transport).
- To ensure that our policies form a coherent regulatory system, different Commission services closely cooperate and we are committed to policy based on comprehensive and robust evaluations and impact assessments
- The ongoing evaluation of the Industrial Emissions Directive will further assess the links between air quality legislation and the legislation limiting the emissions of the largest industrial installations in Europe.
- My services will continue to work closely with all relevant services of the Commission on the current and future emission limits at the source, in particular, in the context of Sustainable and smart mobility action announced in the European Green Deal, including more stringent air pollutant emissions standards for combustion-engine vehicles.

For the upcoming 2030 EU Biodiversity Strategy, what are links to existing regulation (e.g. Water Framework Directive and Industrial Emissions Directive), and what are the main implications for business?

¹ Regulation (EC) No 715/2007 of the European Parliament and of the Council of 20 June 2007 on type approval of motor vehicles with respect to emissions from light passenger and commercial vehicles (Euro 5 and Euro 6) and on access to vehicle repair and maintenance information

- The biodiversity strategy will have to address pollution as a cross cutting, key driver of biodiversity loss.
- Pollution must be prevented or minimised by significantly reducing pollutant releases that are harmful for biodiversity, particularly nutrients, pesticides.
- Of course, we have to note that the EU has already a legal framework to reduce pollution at source.
- The Industrial Emissions Directive addresses in principle all environmental impacts of emissions from the industrial installations within its scope. It takes account for example of the need to meet environmental quality standards under the Water Framework Directive to protect wildlife and human health.
- So the Industrial Emissions Directive benefits biodiversity indirectly, by ensuring that emissions from industrial installations are reduced.
- The European Green Deal Communication announced a revision of the Industrial Emissions Directive. Work on that will start soon and allow contributions from stakeholders.
- In addition to requiring that environmental quality standards for chemical pollutants are met, the Water Framework Directive also requires that our rivers and other surface waters reach good ecological status
- For example, attention has to be given to reducing nutrient pollution from agriculture and to ensuring that river continuity is maintained despite “competition” from hydropower and navigation needs.
- I note that the Commission has been working closely with stakeholders and we should be aware that a fitness check has just been completed highlighting that the level of ambition in the Directive is appropriate.

What is the Commissioner ‘s view on the environmental impact of a huge increase of biomass used as fuel, which is the trend set by the Commission in its approach to define most of the benchmark with biomass for free allowances under the EU ETS? Is it coherent with the objectives of biodiversity?

- The Commission is aware about the competing demands on biomass and land, which will be looked into in the light of our priority to protect and restore biodiversity under the forthcoming strategy.
- As a matter of priority, the EU needs to restore a significant area of its degraded and carbon-rich ecosystems across land and sea.
- Ecosystems of a special conservation value, those most degraded, and those with the highest climate change adaptation and mitigation potential should be our first priority.
- Restoring them will have multiple benefits: it will increase carbon sinks; improve resilience to climate change; boost other nature’s contributions to people such as pollination, air and water purification, nutrients and water retention, leisure, health and well-being.