

European Commission Circular Economy Package

UK response to European Commission public consultations on the circular economy and on the functioning of waste markets

The United Kingdom welcomes this opportunity to respond to both consultations. We will cover the issues raised in a single reply as actions to promote the circular economy are complementary and should be considered as a whole. The Commission is seeking views on actions to promote the circular economy to be taken forward over the five next years at EU level. While the UK believes that EU action could be beneficial in improving harmonisation, data collection and benchmarking across Member States, any new measures must respect the principles of subsidiarity, better regulation and national decision making. We endorse the use of voluntary measures, which have been successful in the UK, and oppose prescriptive approaches that do not allow Member States scope to take account of their national circumstances.

UK views on the Commission's public consultation on the Circular Economy

1. This Consultation focussed on the production and consumption phases of the economic cycle and on enabling activities to promote the circular economy. The UK views set out below respond to the key issues raised in each section of the consultation. A key call from our business stakeholders is for consistent application of standards where they apply at the EU level, and a clear direction of travel to provide a sufficiently large market and level of stability to allow confident investment in innovative technology and processes.
2. The UK considers that any proposals should be fully in line with the Commission's own better regulation tests set out in Vice President Timmermans's announcement in May this year. This means reducing unnecessary costs and complexity to business, consumers and administrators wherever possible, and making sure that measures are complementary rather than contradictory or duplicative. Any legislative components must respect the principles of subsidiarity and better regulation, and must allow Member States to act in the way that is most economically and environmentally advantageous.
3. The UK Government's response of the 11th September to the Consultation of Member States on the Circular Economy outlines in detail our views regarding actions to be taken at EU level -- in particular, our response to Question 3 of that consultation which focussed on the facilitation of Resource Efficient Business Models, the adoption of a systems approach making better use of data, and the promotion of voluntary agreements. We would also like to add the following points:

- The EU should support the establishment of EU-wide networks to promote Industrial Symbiosis. The network should engage traditionally separate industries and other organizations to foster innovative strategies for more sustainable resource use (including materials, energy, water, assets, expertise, logistics, etc.). Through the network, business opportunities would be identified leading to mutually advantageous transactions for innovative sourcing of required inputs and value-added destinations for non-product outputs. Organisations would also benefit from being exposed to best practice and knowledge transfer, resulting in cultural and process changes. An industrial symbiosis methodology has been pioneered in the UK and we would be happy to share our experiences.
- The EU should ensure coherence between existing EU initiatives around product policy and design. For example, the Ecolabel Scheme enables manufacturers to demonstrate to customers that their products meet the highest environmental standards, including product design. However, there is a lack of detailed and up-to-date data available on the market take-up of the scheme, which makes it difficult to promote the scheme to industry or to assess its effectiveness. The Commission should robustly evaluate the effectiveness of the scheme and ensure it is fit-for-purpose from both a manufacturer and consumer perspective. As it considers how best to address material efficiency criteria in implementing measures under the Ecodesign Directive, the Commission will need to robustly assess the impact of any proposed mandatory minimum standards on material efficiency and should explore whether voluntary approaches could be applied in line with Annex VIII of the Directive. The existing voluntary ecodesign scheme for imaging equipment includes requirements on material efficiency and could provide a helpful model for this approach.
- The EU should review the wider role played by chemicals in supporting a more circular economy. At times there will be tension between the aims of an improving waste hierarchy and a toxic-free environment. To make sure they remain compatible, priorities should be based on assessment of evidence on a case by case basis, and regulatory control of recovered materials should be based on risk assessment, not simply a response to the presence of a hazard; socio-economic analysis should include an assessment of the various resource and wider environmental impacts (e.g. carbon and material footprints, sustainable production).
- The EU should develop and provide businesses with practical information, advice and support on improving their resource efficiency, so as to ensure economies of scale and to provide an enabling framework within the Single Market. EU funded research, pilot projects and case studies are available with the potential to deliver practical solutions to increasing resource efficiency. The Commission should investigate measures to improve the dissemination of the results of this work to ensure it is not wasted and to minimise the risk of duplicating work.
- The EU should support the efforts of Member States to use public procurement to stimulate the market, in conjunction with private sector buyers where appropriate,

for reused, remanufactured and recycled content in specified products and services. Public procurement is a major source of demand within the economies of the EU Member States. The public purchase of goods and services has been estimated to account for 16% of the EU's GDP and so there is the potential for governments, if they wish, to demonstrate leadership by example in ensuring that the goods and services they procure facilitate the movement to a more circular economy. There is a role for the Commission to provide advice and develop guidance and tools to help public sector procurers in Member States that want help to achieve this in a proportionate and non-burdensome way that is compliant with EU procurement law. This should be done in a manner that clarifies what circular economy actions and approaches are 'relevant and proportionate to the contract' under the new EU Public Procurement Directive; defines what recycled, refurbished and remanufactured products and materials are available and reasonable to ask for in product and service specifications; and which expands the options available to public procurers when developing specifications to go to the market.

UK views on the Commission's public consultation on the functioning of waste markets

4. This consultation focussed on situations in which the regulatory environment hampers the efficient functioning of the waste markets. The UK considers that a review of the regulatory regime provides an excellent opportunity to take account of the Commission's Communication '[Better regulation for better results – an EU agenda](#)' which was published on 19 May 2015. This set out a series of welcome commitments by the Commission to adhere to the principles and practices of better regulation when it proposes new legislation, including a renewed commitment to the 'Think Small First' principle (including lighter regimes for SMEs and exemptions for micro-enterprises where appropriate). We therefore call on the Commission to deliver its better regulation commitments within its plans for a revised legislative proposal on waste (including updating the existing Impact Assessment) and the Communication setting out an action plan on the circular economy.

5. In particular the Commission should consider extending exemptions for SMEs carrying out low risk activities, and where no significant environmental benefits are realised by including them. The UK would strongly support:

- Exemptions for some SMEs from registering as waste carriers if they only transport small amounts of their own non-hazardous waste for example a small shop owner;
- Removing the need for applying for permit exemptions for activities that pose little risk, such as small-scale composting by schools;
- Exempting companies which collect smaller amounts of batteries from paying for battery recycling.

6. Inconsistent application of waste provisions across Member States also causes concerns for UK stakeholders. These seem particularly important in the areas of end of waste status, Waste Shipment Regulations and preparation for reuse.

7. We encourage the Commission to examine opportunities to allow Member States to incentivise greater repair, reuse and remanufacturing, recyclability and recycled content in specific products, e.g. through product design. Actions could include the production of guidelines or other approaches to support re-use and trade in second-hand products, while continuing to ensure effective regulation and seeking flexibility in existing EU structures to make more instruments available to Member States.

Conclusion

8. In summary the UK would want the Commission to focus on the following as it develops its new package on the Circular Economy:

- **Draw on the principles of Better Regulation**

This means improving environmental and social outcomes while also reducing burdens on business, consumers and administrators; measures should be complementary rather than contradictory or duplicative. Any legislative components must respect the principle of subsidiarity, and allow Member States to act in the way that is most economically and environmentally advantageous. This is in line with the *Make it Work* initiative led by the UK, Netherlands and Germany to improve the quality and coherence of EU environmental legislation.

- **Approach the circular economy as a whole**

Facilitate the establishment of a framework of actions to ensure a holistic approach with proportionate and complementary policies: examine the consequences from actions on one part of the circle which affect another part of the circle. This should combine smarter regulation; market-based instruments; research and innovation; incentives; measures of performance; and information exchange. There should be no requirement for Member States to change voluntary approaches that benefit both business and consumers while delivering positive environmental outcomes.

- **Build on current measures and develop new ideas to keep materials in circulation where it makes sense economically, environmentally and socially**

Improve coherence in product policy; remove barriers to innovative business models; and promote better, more sustainable and resource efficient, design and innovation. Establish a network to exchange good practice; standardise approaches; and develop guidance to facilitate collaboration without breaching competition rules.

- **Work together with other parts of the Commission**

Explore the full potential of synergies between environmental policy including action to tackle climate change and other fields to encourage growth and innovation.

10. The UK hopes that these ideas will be of help to the Commission as it starts the work of drawing up a new proposal on the circular economy. We welcome the opportunity to provide input to achieve a balanced package which has the right level of ambition, is evidence based, and is feasible to implement for all Member States.

October 2015