

MEMO

Subject: The Circular Economy: Transforming Our World
Date: 27th November 2017
Venue: Sant Pau Art Nouveau Site, Barcelona (Catalonia)

CONTEXT

This seminar analysed the state of the art regarding the different initiatives of the Circular Economy package presented by the European Commission on December 2015.

The event was presented by Mr Ferran Tarradellas, director of the Representation of the European Commission in Barcelona, and Arnau Queralt, director of CADS and chair of the EEAC network. It started with a video-message by Joanna Drake (Deputy director general for the Environment, European Commission), followed by a round table with the participation of:

- Mr Francesc Gambús, MEP, member of the EP Committee on Environmental, Public Health and Consumer Policy.
- Mr Ferran Tarradellas, director of the Representation of the European Commission in Barcelona.
- Ms Alba Cabañas, Technical Area director of Foment del Treball (Confederation of Business of Catalonia).
- Mr Josep Maria Serena, member of CADS and chair of the Environment Committee of the Catalan Engineers Association.

The event also counted with the presence and participation of Mr Bartus Gábor, secretary general of the National Council for Sustainable Development of Hungary.

MAIN IDEAS

1) Joanna Drake (video message):

- Plastics: the recycling rates of plastics at the EU level continue to be very low. The European Commission wants to draw attention to the launch of a new Strategy of plastics with a life-cycle perspective. The strategy will pay especial attention to micro-plastics and single-use plastics.
- Water: as a scarce resource, attention is focused on improving the quality requirements for reused water.
- Secondary raw materials and secondary markets: the framework must be well established and the quality elements of these secondary primary materials that rejoin the chain must be assured.
- Monitoring: monitoring of circular economy needs to be clearly defined.

2) Francesc Gambús:

- The EU circular economy package offers benefits and potentials for improvement, among others, in four broad fields: eco-design, reuse of water, plastics and energy efficiency. It should be noted that this entails a great benefit for all, since it represents a saving of 600,000 MEUR / year for companies,

500 euros per year for each European household, the creation of 170,000 jobs up to 2035 (mainly thanks to the large market of repair that is now improved) and the reduction of external dependence.

- The transition towards circular economy cannot be dissociated from the Paris Agreement.

3) Alba Cabañas

- World economy is facing 3 main changes: digitalization (economy 4.0; dematerialization), energy transition (renewable energy, efficiency and a complex operator network), and shift from a linear to a circular economy.
- All these changes are multisector, multivector (it is not exclusively waste management, but includes all the processes), and multistakeholder (everyone is involved and no one is left aside).
- The empowerment of consumers has led companies to adapt their business models.
- Three main barriers have been identified for circular economy:
 - From a Public-Public perspective: there is still a regulatory mess, especially with regard to by-products.
 - From a Public-Private perspective: the role of Public Administration in regard to business should shift from a control to a facilitator role, encouraging/stimulating and catalyzing change.
 - From a Private-Private perspective: the relationship between private partners must be different, since it cannot be admitted that companies established in the same industrial areas do not know each other and do not explore industrial symbiotic relations.

4) Josep Maria Serena:

- More than 50% of the key raw materials consumed in the EU are imported. Therefore, raw materials recovery is essential for European competitiveness. Although there is a big room for improvement, some industrial sectors recover important amount of materials: of the 14 million tons of steel used in Europe, 11 million is recycled steel, and almost 60% of the copper and aluminum consumed by European Industry is recycled.
- In Germany, 41% of the production costs come from material, 19% from labor, and 3% from energy. Therefore, it is obvious that reducing the percentage of companies' cost of access to their raw materials will improve its competitiveness.
- Most of the existing indicators monitor are end of the chain indicators. For a better monitoring of circular economy, indicators on water, land consumption, and biodiversity should be calculated.

Question from the audience and answers:

Could products made with secondary raw materials have the same price / value that those made with primary raw materials?

- Alba Cabañas: all depends on the regulatory model, because if we are able to generate an initial product with a certain economic value, we would have to be able to do it with a product made with secondary raw materials.
- Ferran Tarradellas: the EC is very concerned about the trust in secondary raw materials, and recognizes that there are still many doubts regarding its use and public acceptance.



- Alba Cabañas: if the use of secondary raw materials needs to be stimulated, it would be interesting to analyze new ways of reducing their costs, for instance through a VAT reduction on products made from secondary raw materials.

Comment from Gábor Bartus:

Some existing barriers must be addressed in order to move forward in the circular economy. Many times, the attention is focused at the end of the line, and we must also focus on raw materials and their reduction. To achieve a true transition, we also need to review the tax system and put the focus on certain materials, such as plastic, that we find in many different sectors and its correct management has a huge impact.