

Minutes
Building a Circular and Climate Neutral Economy
Reaction to the November Circular Economy Package
Wednesday 1 February 2023 10:00 – 11:30am CET – Online

Context and background

On 30 November 2022, The European Commission released its latest set of circular economy policies. This included key files such as the Packaging and Packaging Waste Regulation. The purpose of this event was to react to the release of these pieces of legislation and provide a space for key stakeholders to give initial responses to the new legislative initiatives, including policymakers, businesses and third sector organisations.

The focus of this event was on the new policies and how they fit into the wider movement towards a more circular European economy. It offered a collective space to discuss the policies whilst also giving a progressive business view.

This event was hosted by CLG Europe's Taskforce on Climate Neutral and Circular Materials and Products. The Taskforce was launched with the aim of driving forward policy action on sustainable materials by bringing together a group of progressive businesses across sectors and value chains.

The group brings together companies that are actively committed to producing and using climate neutral and sustainable materials, and who want to work together to promote and support EU-wide measures to decarbonise material production and use. At COP27, the Taskforce launched its [latest publication](#) investigating the links between circular economy and climate

We previously hosted a webinar following the March circular economy package. Following the release of the package, the Materials and Products Taskforce released its [rapid reaction](#) and more in-depth [analysis](#). Since the release of the package, the Taskforce has been particularly focusing on the ESPR and has published a [report](#) exploring the benefits of digital products passports.

[CLG Europe](#) is an influential and cross-sectoral group of European businesses collaborating to accelerate economy-wide action for a climate neutral economy. Our aim is to provide a forum to promote positive exchange between progressive European governments and businesses, determined to support the development of a climate neutral and prosperous Europe.

Speakers Included:

- **Virginijus Sinkevičius**, European Commissioner for the Environment, Oceans and Fisheries
- **Mattia Pellegrini**, Head of Unit, From Waste to Resources, European Commission
- **MEP Sirpa Pietikäinen**, EPP, European Parliament
- **Marta Lima Basto**, Deputy Director General for Economic Activities, Ministry for Economy and Maritime Affairs, Portugal
- **Caterina Rocca**, Head of Construction Products and Circularity in Regulatory Affairs, Rockwool
- **Ramon Arratia**, VP Global Sustainability, Ball Corporation
- **Ioana Popescu**, Head of Circular Economy, ECOS
- **Larissa Copello**, Consumption and Production Campaigner, Zero Waste Europe

Martin Porter (executive chair of CISL Brussels) welcomed the participants and first presented the Materials & Products Taskforce.

In a video message, **Virginijus Sinkevičius** (Commissioner for Environment, Oceans and Fisheries) noted 2022 is a milestone year for circular economy, first with the release of the March Circular Economy Package, centred around eco-design. Another package was released in November, notably focussing on packaging and packaging waste and clarifying the framework for biobased, biodegradable and bio compostable plastics and further included a proposal on carbon removal certification. He underlined the need to reduce waste which was the aim of the initiative which also seeks to transition from a linear to a more circular economic model. It notably includes new targets for packaging waste reduction and reuse, sustainability requirements for economic operators with minimum targets for recycled materials and a big push to stimulate the uptake of recycled materials. These measures should stimulate investments in circular economy bringing us closer to climate neutrality. The commissioner further noted bioplastic is increasingly proposed as an alternative to conventional plastics. The newly released framework sets out an approach to ensure an environmentally positive outcome. To do so, the framework clarifies the terminology and seeks to ensure sustainable sourcing. Finally, he underlined the importance of the European Green Deal and noted the European Commission is currently focussing on releasing the remaining measures from the 2020 circular economy action plan including the green claim initiative.

Mattia Pellegrini (Head of Unit, From Waste to Resources, European Commission) first highlighted the transformative approach taken in the second circular economy package published in November with the release of regulations as opposed to directives, thus applying directly in each member state. He further described an additional step taken with regards to packaging by regulating the two highest levels of the waste hierarchy, namely waste prevention and reuse with mandatory reuse targets for certain sectors. He then underlined the creation of a system according to which, if packaging does not comply with a certain level of performance, it would be out of the market by 2030. He then pointed to the low recycling rate in the plastic sector, in response to which the European Commission introduced mandatory recycling content for plastic packaging. This notably includes the input of oil can be avoided, in the current context of energy dependency and diversification. Packaging has further been divided between sensitive and non-sensitive with non-sensitive packaging including higher recycled content targets. Finally, he underlined the key role of labels, with 3 types of labels for sorting instructions, reuse and recycling content, thus better guiding consumers.

Sirpa Pietikäinen (MEP, EPP) welcomed many good elements in the November circular package, including the focus on reuse and the introduction of mandatory recycled content. She then underlined missing elements in the package such as the lack of clear science-based and binding targets. Moreover, she noted that the measuring system is lagging behind: she underlined the need to measure the collected materials, the amount going to reuse, what comes out of recycling facilities and finally measure what is really used after the material is reprocessed.

Marta Lima Basto, Deputy Director General for Economic Activities, Ministry of Economy and Maritime Affairs, Portugal, highlighted the Ministry's work on circular economy, including strategies to promote reuse, remanufacturing and repair of products. She then welcomed the November Circular Economy package, focussing on the PPWR. She underlined the Ministry's commitment to ensure consumers can opt for reusable packaging as well as their work on labels providing clear information to support effective recycling. She highlighted the key actions foreseen in this proposal including the prevention of packaging waste, the increase of reuse, refilling and the recyclability of old packaging. She noted the challenge of an ever-increasing consumption therefore underlining recycling alone is not sufficient to address waste and create a circular economic model. Moreover, she highlighted the barriers to reuse and recycling due to the non-use of eco-design rules when conceiving packaging as well as the poor quality of secondary raw materials such as plastic. She expects the measures included in the PPWR to promote both the competitiveness and resilience of enterprises whilst also enabling citizens to reduce their consumption costs. She further welcomed the ambitious requirements included in the proposal to eliminate over-packaging, improve the recyclability and minimise the complexity of packaging composition. Finally, she highlighted that Portugal is already implementing some of these measures by using eco-modulation of financial benefits that rewards or penalises fillers and packers depending on whether they implement business strategies to prevent the generation of packaging waste and facilitate recycling,

Questions & Answers

- ➔ How do we incentivise the investments by companies and what is the role of consumers?
- ➔ How will the reuse and refill targets work?
- ➔ Is chemical recycling being considered as an option for hard to recycle plastics?
- ➔ How are the difficulties related to the banning of single-use packaging addressed notably for the hospitality industry?

Mattia Pellegrini first addressed the logistical issues raised by MEP Pietikäinen by noting that there is for example an exemption with reuse based on turnover, number of square meters to exempt SMEs, underlining the difference in introducing a reuse system for large and small companies. Regarding chemical recycling, he highlighted that this cannot be done upfront as the Commission first needs to set up and agree with co-legislators on recycled content and on what you can classify as mechanical and chemical recycling. He also reminded that mechanical recycling does not work for all types of plastics. Finally, regarding the role of consumers he noted that it is essential to have a harmonised pictogram system as already implemented in Nordic countries.

Marta Lima Basto underlined the importance of the balance between these targets and the burden imposed on companies to change their strategies and adapt to new packaging and logistics. She noted that Portugal also has to balance the positions of the Ministry of Economy and the Ministry of Environment which both have different concerns. She further highlighted that the Portuguese Ministry of Economy has a consumer policy empowering consumers and providing access to key information, essential to shift from a linear to a circular economic model.

Sirpa Pietikäinen underlined that legislation's impact assessment should always include the cost of non-action, noting it is not a question of 'whether we do it or not but rather how we do it.

Session 2: Reactions from Businesses and NGOs

Caterina Rocca (Head of Construction Products and Circularity in Regulatory Affairs, Rockwool) first introduced Rockwool, world leader in the production of stone wool products and insulation of buildings. She then provided some data by underlining that the built environment requires a large amount of natural resources and accounts for approximately 50% of all extracted raw materials. The construction sector alone is responsible for more than 36% of the EU total waste which is why the circular economy action plan identified recovery targets for construction waste. She then welcomed the latest circular economy package and underlined areas from improvement. First, she underlined the lack of common definitions and common assessments and therefore lacking a level-playing field and boosting greenwashing. She noted the lack of clear definitions of recycled content, durability as well as which construction products can be recycled and what is recyclability of construction products. Second, she underlined the need for a more conducive regulation together with targets to enable harmonised and extended producer responsibility, to facilitate the transport of waste. She concluded, describing the PPWR as a step forward but underlined the need for the construction sector not to be left behind or fall between the Construction Products Regulation and the PPWR

Ramon Arratia (Vice President of Global Sustainability, Ball Corporation) first presented Ball corporation, world's leading provider of aluminium packaging for beverages. He then underlined the importance of definition. He welcomed the PPWR, noting it will allow Europe to be less dependent on primary resources and then underlined a few implementation issues. First, although he welcomed a mandatory deposit return system, he deplored the exclusion of single use bottles despite the inclusion of almost all sectors and noting the poor carbon footprint of glass. Second, regarding reuse, he underlined the need to focus on sector that make environmental and economic sense and noted the lack of data.

Ioana Popescu (Head of Circular Economy, ECOS) first welcomed the PPWR as a good first step but also highlighted key challenges. She noted creative energy and details around recycling but underlined that recycling only makes sense when volumes remain stable. If the volume of products being sold on the EU market grows, even if there is 100% recycled content, it would still be problematic. Thus, she considers that the PPWR should have included greater waste reducing and reuse measures. She described circular economy as a tool to decouple resource and raw materials use from meeting human needs. She underlined the need to decouple resource use, further requiring dematerialisation, redefining ownership etc. Finally, she noted the EU's poor performance with regards to environmental footprint and called on all stakeholders not to overshoot what the planet can carry.

Larissa Copello (Consumption and Production Campaigner, Zero Waste Europe) first welcomed the good aim and direction of the PPWR, focussing on waste hierarchy and waste reduction measures, proposing some bans on problematic packaging time but underlined the need for more ambitious to reach the objective of 100% reusable packaging by 2030. She first noted that the PPWR fails to address the issue of chemicals. Second, she addressed the issue of deposit return schemes and glass packaging, highlighting that single use glass packaging is off the hook despite having been proven to have the greatest environmental impact compared to all other single use materials due to a high energy consuming process and a high potential for reusability and recyclability. She further noted the importance of DRS to be implemented to accommodate both single use and reusable packaging. Third, regarding the definition of system for reuse, she noted the PPWR failed to tackle centres to return packaging, without which the systems cannot be run effectively. There needs to be a change of habits to incentivise consumers to return packaging. Finally, she noted that reuse targets should not have been mixed with refill targets as this would lead to an important error margin.

Marta Lima Basto replied to previous interventions by underlining the need to prevent greenwashing and underlined the importance of balancing different interests.

Martin Porter closed the discussions by underlining a consensus on the package's strategic goal and some of its merits: addressing short-term needs but also longer-term environmental challenges.