

## Event: Materials and Products Taskforce report launch event

### “No Time to Waste: Driving the EU’s resilience and competitiveness through a circular economy”

On 12 September 2024, the [Taskforce for climate neutral and circular materials and products](#), convened by the [University of Cambridge Institute for Sustainability Leadership \(CISL\)](#), released a policy report titled “[No Time to Waste: Driving the EU’s Resilience and Competitiveness through a Circular Economy](#)”. The report delves into the business case for accelerated EU action on the circular economy, which is gaining increasing political and policy traction. With European Commission President Ursula von der Leyen promising to present a new Circular Economy Act during her second mandate, the report is timely, offering essential insights for businesses eager to innovate for sustainability and leverage the full potential of the circular economy transition.

Building on this report, a roundtable discussion took place on 12 September, at the European Parliament and online. Hosted by MEP Sara Matthieu, the roundtable brought together over 40 circular economy stakeholders including policymakers, industry-leading businesses, civil society representatives, and circularity experts.

## Views from EU institutions

### Comments on the report

- **Key added value:** EU institutions highlight that the report’s main contribution is offering a business perspective.
- **“It’s the circular economy”:** Despite certain “unknowns” about the next legislative cycle, the importance of the circular transition is clear. It must become a key element of any future EU industrial policy.
- **Leading from Letta:** Enrico Letta’s report called circular economy “the only possibility of saving the planet and changing the paradigm of present manufacturing.”
- **Delivering on Draghi:** Europe’s ability to remain competitive hinges on its leadership in the circular economy.
- **Societal focus:** It is not all about competitiveness; social considerations must remain a priority. Europe cannot simply cut labour costs to improve competitiveness; investment is needed for opportunities to skill and re-skill workers.
- **System drivers:** Institutions are particularly inspired by the report’s four system drivers, which provide a holistic vision of where the political priorities and key actions must be focused.
- **A firm legal basis:** The Commission has grounds for an ambitious Circular Economy Act - TFEU Article 191: “Union policy on the environment shall contribute to the pursuit of prudent and rational utilization of natural resources”.

### Priorities for the next five years

- **Implementation focus:** Although circular policies have made progress, there is a need to improve implementation over the next five years, with a focus on secondary legislation and delegated acts.
- **Driving investment:** Incentivising the demand for circular materials and products is essential to build investor confidence. This could be achieved through measures such as VAT adjustments, mandatory recycled content, and end-of-use criteria.
- **Investment gap:** The European Commission and the European Investment Bank (EIB) estimate an annual circular investment gap of 27 billion EUR in Europe, calling for more targeted use of available resources.

- **Paradigm shift:** The circular economy must be reframed from an environmental concern to a key industrial policy issue, with political groups like the Greens/EFA advocating for a 'Green Industrial Deal' where circularity plays a major role.
- **Clear and binding targets:** The EU's Circular Economy Action Plan lacks top-level strategic objectives. Member States need clearly defined, enforceable targets to ensure progress.
- **Communicating benefits:** While the environmental, social, and economic benefits of the circular economy are recognised, it's important to communicate these advantages clearly to both consumers and industries.

#### Audience discussion on the future of circular economy in the EU

- **More integration:** Greater consistency between Member States is essential. A Single Market for secondary raw materials would offer businesses significant opportunities by maximising recycling.
- **Spread the benefits:** A circular Single Market should distribute its social and economic benefits across the EU, with local hubs established to ensure regional balance and proximity.
- **Cross-border costs:** For certain waste streams, transporting large quantities across borders is necessary before recycling becomes cost-effective. This issue requires better infrastructure and support.
- **"Last resort" on waste:** Materials with reuse potential should not be classified as waste, as this classification comes with strict rules on storage, treatment, and shipping, which should be reserved as a last resort.
- **Quality focus:** The quality of recycled materials is just as important as the quantity. Contamination during recycling often results in lower quality materials, which can be addressed through better processes.
- **Improving measurement:** Current metrics, which are based on mass, need to evolve to reflect the value and purity of materials, which are key to a successful circular economy.
- **Digital Product Passports:** These can help optimise the location of circular economy facilities across Europe to maximise the benefits of a circular Single Market and better communicate the benefits of circularity to the public.
- **Reframe "waste":** The term "waste" should be reconsidered, as materials are valuable resources. The EU needs a stronger focus on managing materials, with an emphasis on reducing resource consumption in the Circular Economy Act.
- **Beyond Europe:** Global targets for circularity are necessary, as recent reports from Draghi and the UN Secretary General suggest. These targets should be pursued through diplomatic efforts.
- **Balancing protection and trade:** Europe must strike a balance between promoting its industries and avoiding protectionism, all while supporting its environmental goals.
- **Facing resource scarcity:** Europe's limited access to resources makes it vital to use them more efficiently. This extends beyond critical raw materials to include strategic materials for technology, defence, and cleantech.

#### Views from business and civil society

- **Closing the gap:** Closing the circular economy gap can contribute to EU climate targets, increase businesses' resource productivity, and address the insecure supply of important materials.
- **Reducing manufacturing emissions:** For sectors where production processes drive emissions, ambitious targets for recycled material content can lead to major emissions reductions.
- **Deposit-return schemes:** Some Member States (like Belgium) have exemptions to creating deposit-return schemes, but valuable materials should never end up in landfill – and yet they do.

- **Competing sustainably:** Circularity enables companies to address their customers' environmental supply-chain targets, thereby promoting competition against sector rivals.
- **Generating employment:** The aluminium packaging value chain already accounts for over one million direct and indirect jobs. Circular economy would boost that number and strengthen the sector's industrial base.
- **Planetary boundaries:** Discussions on circularity must remain aligned with the concept of planetary boundaries. While solutions like electric vehicles (EVs) are promising, they still rely on rare, expensive materials like lithium, reinforcing the need to keep resources within the economy.
- **Enforcement capacity:** Europe's legislative enforcement capacity has diminished, and laws can only be as effective as their enforcement mechanisms.
- **Prioritising circular design:** Rather than focusing solely on recycling, circular economy policies should prioritise designing products that are easier to recycle, avoiding contamination of other materials in the process.
- **Beyond consumption:** Circular economy is not just about material consumption. Reliable indicators not linked to consumption are important to develop, particularly to monitor the wider social benefit.
- **A means to other ends:** Circular economy cannot be a goal in itself, it is an instrument to deliver other goals.

#### Closing remarks

- **Tension between targets:** Institutions risk becoming too focused on achieving specific targets, sometimes to the detriment of beneficial actions like prolonging product life, which can conflict with circular economy metrics such as the Circular Materials Use Rate.
- **A circular bioeconomy:** Bioeconomy will become a major feature of the Eu's bioeconomy strategy from early 2025 onwards.
- **Trade trends:** The trade of secondary materials and goods is increasing twice as quickly as primary materials and goods, prompting a need for deeper analysis to inform future actions.
- **Collaboration:** The growing alignment between policymakers, businesses, and civil society is encouraging and shows that all stakeholders are moving in the same direction.
- **Monitoring progress:** Institutions will continue to refer to the Materials and Products Taskforce's report to monitor delegated acts and check that legislative targets are met at the right pace.
- **Competitive sustainability:** Any political agenda from the Commission must be based on the principle of competitive sustainability.