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NOTE

From:	General Secretariat of the Council
To:	Council
No. prev. doc.:	9724/16 ENV 382 COMPET 350 AGRI 302 TRANS 211 MI 409 IND 126 CONSOM 136 ECOFIN 535 ENER 233 RECH 218 SAN 236
No. Cion doc.:	14972/15 ENV 768 COMPET 557 AGRI 642 TRANS 402 MI 779 IND 201 CONSOM 212 ECOFIN 954 ENER 417 RECH 305 SAN 414 + ADD 1 - COM(2015) 614 final
Subject:	Draft Council conclusions on Closing the loop - An EU action plan for the Circular Economy - Adoption

1. The Commission submitted the revised Circular Economy Package to the Council and the European Parliament on 3 December 2015. As part of this package, the Commission presented an EU action plan on Circular Economy in its Communication entitled "Closing the loop - An EU action plan for the Circular Economy"¹.

¹ 14972/15 + ADD 1

2. Two ministerial debates on the EU action plan were held by the Council (COMPET) on 29 February and (Environment) on 4 March 2016 respectively. On this basis, the Presidency prepared draft Council conclusions which were discussed by the Working Party on the Environment at its meetings on 23 March, 25 April, 19 and 31 May 2016.
 3. On 10 June 2016, the Permanent Representatives Committee examined the draft Council conclusions. The text, as amended in the light of the discussions and as set out in the Annex to this note, was considered agreeable to the vast majority of delegations. FI expressed reservations with regard to the reference to EU guidance in paragraph 26. PL maintains a positive scrutiny reservation on the amendments agreed by the Committee in paragraphs 14 and 15.
 4. In light of this, the Council is invited to adopt the draft Council conclusions on 'Closing the loop - An EU action plan for the Circular Economy', as set out in the Annex to this note, at its meeting on 20 June 2016.
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Closing the loop - An EU action plan for the Circular Economy**- draft Council conclusions -**

The Council of the European Union,

RECALLING:

- The Europe 2020 Strategy for smart, sustainable and inclusive growth adopted by the European Council on 17 June 2010, and its Flagship Initiative “A Resource-Efficient Europe”;
- The Decision of the European Parliament and of the Council on a General Union Environment Action Programme to 2020 "Living well, within the limits of our planet" (7th EAP)¹ for a resource-efficient, green and competitive low-carbon economy;
- The Report of the European Parliament on “Resource Efficiency: moving towards a Circular Economy”²;
- The UNGA resolution of 25 September 2015 on "Transforming our world: the 2030 Agenda for Sustainable Development" and The Climate Agreement (COP 21 Paris);

¹ OJ L 354 of 28 December 2013, p. 171

² (2014)2208 (INI)

- The Commission’s Communications “Innovating for Sustainable Growth - A Bioeconomy for Europe”³; The Eco-innovation Action Plan⁴; Green Action Plan for SMEs⁵ and the Green Employment Initiative⁶; Resource Efficiency Opportunities in the Building Sector⁷; A Blueprint to Safeguard Europe's Water Resources⁸; Digitizing the European industry, reaping the full benefits of a digital single market and related communications⁹; Raw Materials Initiative¹⁰;
- The Council conclusions on
 - Sustainable materials management and sustainable production and consumption¹¹;
 - Greening the European Semester and the Europe 2020 Strategy¹²;
 - The Commission’s Communication “A Roadmap to a Resource-Efficient Europe”^{13 14};
 - The Mid-Term Review of the EU-Biodiversity Strategy 2020¹⁵;
 - The mainstreaming of industrial competitiveness¹⁶.

3	6487/12 - COM(2012) 60 final
4	18874/11 - COM(2011) 899 final
5	11616/1/14 REV 1 - COM(2014) 440 final
6	11572/14 - COM(2014) 446 final
7	11609/14 - COM(2014) 445 final
8	16425/12 - COM(2012) 673 final
9	8100/16 - COM(2016) 180 final
9	8097/16 - COM(2016) 179 final
9	8099/16 - COM(2016) 178 final
9	8104/16 - COM(2016) 178 final
10	16053/08 - COM(2008) 699 final
11	17495/10
12	14731/14
13	18346/11
14	6678/12
15	15389/15
16	13617/14

UNDERSTANDING that a Circular Economy offers great potential to achieve sustainable growth and boost the EU's competitiveness, create jobs, decrease the EU's dependency on non-renewable primary raw materials, achieve resource and energy efficiency and a smaller environmental footprint, promote locally produced goods, prevent and minimise waste generation, protect nature and natural capital, strengthen ecological resilience and mitigate greenhouse gas emissions, thus contributing to the 2030 agenda for Sustainable Development and the world-wide efforts towards a green economy, while maintaining well-being within the limits of our planet and protection of human health and the environment;

UNDERLINES the importance of the waste hierarchy in supporting the transition to the Circular Economy, starting with an increase in prevention, preparation for reuse and recycling of waste, and minimizing waste disposal, in particular through a significant reduction of landfilled waste.

INTEGRATED POLICY APPROACHES

1. WELCOMES the Commission Communication of 2 December 2015 on "Closing the loop - An EU action plan for the Circular Economy"¹⁷ (hereinafter referred to as the "Action Plan") and COMMITS to supporting its implementation with a view to facilitating the transition to a circular economy;
2. UNDERLINES that the transition to a Circular Economy requires long-term commitment and action, in a wide range of policy areas in the EU, and at all levels of government in Member States; ENCOURAGES Member States to establish and adopt measures and/or strategies to complement and contribute to the EU Action Plan; URGES the Commission to fully integrate the Circular Economy in all its relevant policies and strategies; further RECOGNISES that with a view to accelerating the transition, the different conditions and stages in Member States should be taken into account;

¹⁷ 14972/15

3. CONSIDERS the active involvement of the private sector and other stakeholders across Europe and at the global level a key element for a successful and more effective transition towards a Circular Economy; ENCOURAGES the EU and the Member States, at all levels of government, to actively engage the private sector to promote cooperation, innovation and industrial symbiosis projects within and across sectors and value chains; including by addressing specific challenges in the transition to the Circular Economy, through agreements between stakeholders in society and governments such as the pilot on voluntary “Innovation Deals”¹⁸;
4. CALLS upon the Commission to ensure that proposals flowing from the Action Plan are accompanied by a thorough Impact Assessment; and UNDERLINES that policy measures need to support sustainable development and the long-term competitiveness of EU industry, with a particular reference to SMEs, and improve the functioning of the Internal Market; FURTHER UNDERLINES that policy measures need to be in line with the principles of Better Law-Making as set out in the inter-institutional agreement of 13 April 2016¹⁹, be proportional, cost-effective, socially acceptable, easy to adopt with minimal administrative burden, avoid policy fragmentation to create synergies, take into account existing national legislation that stimulates circularity, and initiatives that stimulate consistent and coherent EU legislation such as the Make-it-Work project;

¹⁸ ‘Better regulations for innovation-driven investment at EU level’ (SWD(2015) 298; and http://ec.europa.eu/research/participants/data/ref/h2020/wp/2016_2017/main/h2020-wp1617-focus_en.pdf

¹⁹ OJ L123/1 (12.5.2016)

5. **UNDERLINES** the need to ascertain sustainable sourcing and supply of primary raw materials; **EMPHASISES** the role of fair trade, in ensuring that prices of primary raw materials and products reflect their environmental and social externalities, and that, where relevant, healthy competition between the market for primary and secondary resources is facilitated; **CALLS** upon the Commission to take concrete initiatives to promote sustainable sourcing and supply of raw materials within the EU and in cooperation with third (commodity producing) countries, without creating tariff or non-tariff trade barriers;

PRODUCT POLICIES AND RESOURCE EFFICIENCY

6. **SUPPORTS** the Commission's approach in the Action Plan to address the entire life cycle of products and **STRESSES** that such an integrated, cross-sectoral approach is essential to effectively 'close the loop' and achieve a transition to a Circular Economy where the value of products, materials and resources is maintained in the economy for as long as possible, and the generation of waste minimised; **ENCOURAGES** the Commission and the Member States to create an enabling and coherent policy environment and legislative framework for systemic innovation to promote a circular economy throughout the value chain, including opportunities to experiment with such innovations;
7. **UNDERLINES** the importance of a coherent product policy framework at the EU level, in line with the 7th Environmental Action Programme calling for action by 2020; **WELCOMES** the Commission's intention to work towards this; **STRONGLY ENCOURAGES** the Commission to ensure coherence, enhancement and effectiveness of existing EU instruments relevant for product policy; **INVITES** the Commission to ensure that policy instruments can facilitate systemic innovations in the future;

8. STRESSES the need to ensure that products are designed and produced more sustainably, taking into account their full life cycle and minimising negative impact on the environment and on human health; in this context; NOTES with concern that the Commission has failed to meet the timetable indicated in the annex to the action plan for actions regarding eco-design; REQUESTS the Commission to follow-up on these actions without further delay; URGES the Commission to include appropriate measures to improve the durability, reparability, reusability, possibilities to use recycled materials, upgradability and recyclability of products in the EU Ecodesign regulations, and other legislation as appropriate, before 2020; INVITES the Commission to evaluate before the end of 2018 for which product groups, other than energy related, it would be possible to take better into account resource efficiency and impact on the environment and human health, building on experiences from the Ecodesign directive;
9. STRESSES the need for action at European level to extend the lifetime of products, including by addressing planned obsolescence; INVITES the Commission to develop common methods for assessing and verifying product life time; NOTES the Commission's proposal on online sales of goods; LOOKS FORWARD to discussing the possibilities to extend the legal guarantee of all sales of goods on the basis of this proposal and the ongoing fitness check of the EU consumer and marketing law; INVITES the Commission to investigate what other initiatives can be taken at the EU level in the interest of extending the lifetime of products, for instance by promoting the availability of spare parts;

10. NOTING the crucial role of consumers in the transition to a Circular Economy; EMPHASISES the importance of raising awareness, promoting appropriate market based mechanisms and developing supportive infrastructure, in order to boost sustainable behavior, consumption and production, both in Business to Consumer and Business to Business markets; STRESSES that access to reliable, timely and understandable information regarding the environmental characteristics of products and services can help make informed choices; CALLS upon the Commission to develop and propose a methodology to ensure that environmental claims, including labels, are based on verifiable and transparent information, taking into account specific conditions in Member States and the lessons learnt from the ongoing European pilots on the environmental footprint and Environmental Technologies Verification; ENCOURAGES the Commission and the Member States to support awareness raising activities directed at consumers in promoting the Circular Economy;
11. EMPHASISES the importance of a well-functioning chemicals legislation to support the Circular Economy and the need to fulfil the various goals in the 7th Environmental Action Programme; CALLS upon the Commission, when addressing the interface between EU chemicals, products and waste legislation by 2017, to develop, in cooperation with the Member States, a methodology to determine whether recycling, recovery or disposal provides the best overall outcome to achieve both non-toxic material cycles and increased recycling rates, while respecting the existing high level of protection of human health and the environment and taking into account the precautionary principle; in this context, EMPHASISES the need for adequate information on the presence of substances of very high concern in materials, products and waste;

12. STRESSES the importance of a well functioning and efficient market for secondary raw materials; UNDERLINES the importance of stimulating demand for secondary raw materials and high quality recycling by, inter alia, promoting the use of secondary raw materials and improving the confidence in the quality of secondary raw materials including accessibility of information regarding the content of substances which pose problems to recycling or recovery; CALLS upon the Commission to develop uniform EU end of waste criteria where appropriate, and to promote the development of EU and international quality standards for secondary raw materials, in order to facilitate cross border movement, while safeguarding the environment and human health;
13. CALLS upon the Commission to explore possibilities to encourage that used products that are exported from the EU will be recycled in an environmentally sound and safe manner once they become waste inside or outside the EU;
- 13a RECOGNISES that export of waste can make it harder to achieve higher recycling rates; CALLS for reinforcement of controls within the EU and at its borders to prevent illegal transport of waste, in line with the revised waste shipment regulation²⁰.
14. REITERATES the need for preventing marine litter, and in particular plastics, from ending up in the environment in order to achieve a significant reduction by 2020; CONSIDERS eco-design of plastic and plastic products, as well as sound management of plastic waste essential for pollution prevention; WELCOMES the voluntary initiatives taken by industry; CALLS upon the Commission to propose robust measures to reduce discharge of macro- and micro-sized plastic debris in the marine environment as part of the announced plastic strategy by 2017 at the latest, including a proposal for a ban on micro-plastic particles in cosmetics, and proposals to address other products generating marine litter as appropriate, while taking into account developments within regional sea conventions like OSPAR, HELCOM and Barcelona;

²⁰ Regulation (EC) No 1013/2006 on shipments of waste, as last amended by Regulation (EU) No 660/2014

15. EMPHASISES the contribution of efficient water use to a Circular Economy; in this regard STRESSES the importance of integrated water management as well as, enhanced and cost-effective recycling and reuse of water taking into account regional conditions, and recycling of resources in waste water, in line with the EU environmental acquis; CALLS upon the Commission to ensure that the legislative framework supports, where appropriate, the reuse of treated wastewater while respecting the existing high level of protection to human health and the environment²¹;
16. SUPPORTS efforts of all actors to reduce food waste, which will contribute to achieving Sustainable Development Goal 12.3, which aims at halving per capita global food waste at the retail and consumer level, and reducing food losses along production and supply chains including post-harvest losses by 2030;

SUPPORT FOR CIRCULAR INNOVATION AND BUSINESS

17. EMPHASISES that research and innovation are essential to develop the necessary sustainable and resource efficient industrial, economic and societal processes to stimulate the transition to the Circular Economy; CALLS upon the Commission to support the EU industry in research and innovation, in improving cross-cycle and cross-sectoral cooperation, and in taking up new technologies and business models, digital solutions, more resource-efficient services, products and production processes and better alternatives for hazardous chemicals and materials in terms of human health and environmental protection;

²¹ Inter alia, on the basis of opinions of the European Food Safety Authority

18. ACKNOWLEDGES the benefits of natural capital, the importance of ecosystems and their services and the need for sustainable use of natural resources; RECALLS the importance of developing a system of valuation of natural capital through appropriate indicators for monitoring economic progress and further developing ecosystem accounts while making the best use of existing sustainability instruments and initiatives; INVITES the Commission and the Member States to promote nature- and bio-based solutions, the use of sustainably sourced renewable materials, including the bio-refining of biomass to high value purposes without compromising food security and environmental integrity, resource efficiency, the resilience of ecosystems and their services and the sustainable use of renewables; TAKES NOTE of the Commission's intention to promote efficient use of bio-based resources through a series of measures including guidance and dissemination of best practices on the cascading use of biomass and support for innovation in the bioeconomy; REQUESTS the Commission to examine the contribution of its Bio-economy Strategy 2012 to the Circular Economy and update it accordingly;
19. REITERATES that a circular economy not only requires investment in sustainable and innovative solutions, but also green public expenditure in order to mobilise public and private sector initiatives; in this regard WELCOMES the available support and increased focus for circular economy in EU funds and financial programmes; CALLS upon the Commission to actively support the Member States, the private sector and other stakeholders to use these funds, to facilitate the transition to a Circular Economy by improving resource and energy efficiency and minimising waste, including through application of the waste hierarchy; ENCOURAGES the Commission and Member-States to apply the Polluter Pays Principle to cover the costs of the necessary waste management infrastructure in a sustainable manner;

20. **UNDERLINES** that government has a key role to play in creating incentives and ensuring effective application of Green Public Procurement (GPP) towards the Circular Economy; **CALLS** upon the Commission and Member States to stimulate and facilitate circular business models that enable an increased share of green public procurement in the public expenditure at all levels possible, to create markets for circular products and services; **REQUESTS** the Commission to develop guidance and incentives for the application of GPP for Circular Economy including on application of life cycle costing; **CALLS** upon the Commission and Member States to build on existing targets²² for GPP, to accelerate the transition to the Circular Economy, to improve monitoring, and to actively facilitate exchange of knowledge and best practices between Member States, and to provide support for GPP training schemes;
21. **RECOGNIZES** that SMEs, while often drivers of innovation and at the forefront of the transition to a Circular Economy, face specific challenges; **SUPPORTS** measures to enhance the possibilities of SMEs to profit from opportunities which the transition to a Circular Economy presents, as well as support SMEs to adapt and contribute to the transition to a Circular Economy; **WELCOMES** the contribution of the Eco-Innovation Action Plan and the Green Action Plan for SMEs to the transition towards a Circular Economy;
22. **STRESSES** the importance of education and training in all relevant fields to facilitate the transition to the Circular Economy and ensure that it contributes to reducing unemployment while creating high quality jobs;

²² In line with 7th EAP, and based on the experiences in the Energy Efficiency Directive

MONITORING, FOLLOW-UP AND COOPERATION

23. STRESSES the need for a governance structure at EU level and a monitoring framework to strengthen and assess the progress towards circular economy, while minimising the administrative burden; in this respect, NOTES information is already reported to Eurostat; CALLS upon the Commission, in cooperation with the Member States, to continue to develop a dashboard of reliable indicators in view of formulating ambitious and realistic targets²³ with a long-term horizon, and integrating these with a follow-up of the EU 2020 Strategy, and the EU implementation of the 2030 agenda for Sustainable Development;
24. EMPHASIZES that it is important to keep progress made with the Action Plan under regular review at political level; REQUESTS the Commission to provide the Council with an annual written update on the progress made on the implementation of the action plan; and REQUESTS the Commission to regularly, starting by 2018, evaluate the effect of the implemented actions in line with the better regulation principles, *inter alia* by consulting stakeholders in order to include their practical experiences, with a view to taking stock of results of the action plan, ascertaining the most effective set of policies and when necessary updating the plan and its proposed instruments;
25. NOTES that stakeholders have *inter alia* called for a long-term focus and strong guidance and ownership by the EU and the Member States²⁴, CALLS for consistency in national approaches and standards, exchange of best practices and lessons learned by Member States and stakeholders, and more financial incentives and market-based instruments to stimulate reuse and the market for secondary raw materials;

²³ Building on the Council conclusions on Greening the European Semester and the Europe 2020 Strategy (14731/14);

²⁴ <http://english.eu2016.nl/events/2016/01/25/stakeholder-meeting-on-the-circular-economy>

26. UNDERLINES the importance of market based instruments where appropriate, to create economic incentives that stimulate the sustainable use of resources; CALLS upon the Member States to exchange experiences and best practices in the development and use of market-based instruments supporting the transition to the Circular Economy and take into account the impact of certain market-based instruments on neighbouring Member-States; WELCOMES guidance from the Commission on how Member States could develop such instruments in support of the Circular Economy; RECOGNISES the detrimental impact of environmentally harmful subsidies; CALLS upon the Commission to develop in cooperation with the Member States EU guidance for environmentally harmful subsidies to facilitate efforts in identifying and phasing out such subsidies, while taking into account social and economic aspects;
27. CALLS upon the Commission to set up a platform to facilitate more structural exchange of knowledge, technologies, good practices and policy experiences (including on economic instruments) between Member States, and between stakeholders at European level, making use, where possible, of existing platforms and experiences.