



POST-WORKSHOP ROUND-UP

Stakeholder Dialogue – Towards a new EU framework for circular economy and sustainable resource management

The value of stakeholder insights – from key industries, institutions, groups, and networks – cannot be understated, particularly when it comes to conceiving and advancing an EU circular economy policy framework. With regards to this workshop, stakeholder experiences and needs will offer critical guidance and legitimacy to circular economy discussions put forth by the Belgian Presidency.

On 17 November, FPS Health, Food chain safety and Environment welcomed over 60 stakeholder organisations, along with representatives from the European Commission, the European Economic and Social Committee, international experts and academics. We would like to express our gratitude to everyone, in Brussels and online, who contributed to this collective effort, and we encourage you to continue these exchanges through your networks in the lead-up to the 2024 Belgian Presidency. In the meantime, read on for a summary of key takeaways from the workshop.

● INTRODUCING PRIORITIES ●

BELGIAN PRESIDENCY OF THE COUNCIL OF THE EU

The workshop was opened by **Pierre Kerkhofs, Director General, and Alma Titoric, Project Manager, DG Environment, FPS Health, Food chain safety and Environment**. The timely nature of this workshop was underscored in anticipation of the Belgian Presidency and the 2024 EU political cycle (i.e. European Parliament elections, a new European Commission, the end of the current EU Circular Economy Action Plan). Realistically, there are 1-2 months to really push circular economy legislation and inform the policy debates and legislative actions in the EU post 2024.

The Belgian Presidency aims to do this by:

- Consolidating and ensuring the implementation of the European Green Deal and the new Circular Economy Action Plan (CEAP).
- Broadening and repositioning the concept of circular economy (as a collective vision at European level).
- Setting up a process to build a future EU framework on circular economy and sustainable resource management.

● A CRITICAL EYE ●

EXPERT PRESENTATIONS IN BETWEEN THE BREAKOUT SESSIONS

Decoupling debunked

In between plenary sessions and breakouts, **Timothée Parrique, Lund University**, was invited to share an academic, economist perspective. According to the latest statistics, **the global economy in 2023 is less circular than it was in 2022**. Moreover, a very tiny percentage of waste is being recycled back into

natural resources. He went on to reveal that **only 11 countries** have managed to reduce greenhouse gases emissions while increasing GDP. GDP is still an abstract indicator, but it reflects a lot of the production and consumption.

Delving into the economy of '**de-growth**', it may seem impossible given our current complex economic system. This concept should be better **understood as a transition** that leads to stability (a stable situation for our planet and the economy). Although de-growth still may seem daunting, the bottom line remains hopeful: We should be able to continue to produce and consume, while reducing the overall volume of natural resource use.

Natural resource management as the single-biggest missing piece to making climate targets achievable

Hans Bruyninckx, International Resource Panel (IRP), gave a preview of the IRP's Global Resource Outlook – 2024 report. The report, which is expected to play a role in the Belgian Presidency negotiations, looks beyond the energy system – which traditionally has been the focus of policy proposals – to material use and consumption. According to the report, **more than 60% of climate impacts able to be traced back to resource use and around 40% can be attributed to pollution**. Thus, the way societies use resources contributes to the triple planetary crisis.

When it comes to resource management models, decision-makers and governments need a '**just transition logic**', meaning a logic of redistribution and sufficiency (in other words: decreasing resource use in favour of sufficiency and **provisioning systems**). Ultimately, a **multi-system modelling framework** is needed for a Just Sustainability Transition. The models used in the report demonstrate generally positive results and better outcomes (e.g., a decrease in greenhouse gas emissions, increase in economic outcomes, slight increase in agricultural land conversion).

● **PANEL DEBATE AND BREAKOUT SESSIONS** ●

Below is a summary of the outcomes from the panel and breakout sessions involving stakeholder organisations.

Broadening and repositioning the concept of circular economy

In general, there were two positions. The **minority opinion** held that there isn't any real need to broaden the definition of circular economy (CE) but, rather, to reposition it, whereas **the majority in the discussions** did see the need for broadening and repositioning to keep resource consumption within planetary boundaries (highly stressed among participants).

The concept of CE needs to be broadened to incorporate resource consumption and reduction and sufficiency, to help tackle and contribute to climate change, biodiversity, and pollution. Implementation is very much key to the success of the CE, but we need to adopt a set of indicators and monitor and review.

There was also a broad consensus on the fact that businesses do not need to be incentivised or pushed to the transition; on the contrary, there is a will to accelerate the transition and adapt new technologies to achieve **net-zero by 2050**. They do, however, need support in navigating the legislation without sacrificing investment and innovation. The legislation should focus on competitiveness and articulate specific requirements and tools (e.g. knowledge-sharing, reporting, new business models, macroeconomic changes) to support businesses. It was also felt that there is a need to create a fair system to increase competitiveness. For example, rethinking our taxation system and creating a new system based on resource consumption or adopting fiscal measures such as lower taxation of secondary raw materials or other financial incentives (i.e. the repair fund in Germany).

Additionally, Member States need the tools to enforce regulation compliance all along the production line (retailers, manufacturers, importers in the EU) for all products, in all sectors. It was also noted that there will be new **CE criteria for companies in 2025**, which hopefully will increase the initially reported (quite low) 30% alignment with EU climate objectives.

Complementing the supply side approach with demand side and embracing sufficiency

There was general consensus from all participants that there is a need to embrace the sufficiency concept as it naturally links with CE and it is also unavoidable as the joint aim is to improve our environmental/resource footprint. Also, the future CE should not only focus on the supply side, but it should be complemented with the demand side. It was clear that consumers want sustainable, circular products, so there is an urgency to address the demand side. Nevertheless, consumers cannot be expected to pay too much for circular products and be overburdened given the current context and cost of living crisis.

Generally, all participants concluded that raising awareness is essential just as reaching out to consumers through education and communication. We need to provide more information to consumers, as a growing number of them want to make sustainable choices. However, we must be aware of the 'advertisement fatigue' and of the green washing effect. A solution could be given to consumers Digital Product Passport, but this needs to be simplified for it can help both consumers when they buy the product, but also recyclers.

Participants also gave ideas on how to embrace the sufficiency concept. One was not to use GDP as a driver anymore, but we should transition to adopting other indicators focused on consumption and/or on wellbeing. Green Public Procurement was also suggested as being a useful tool to implement sufficiency in within the public administration.

The social dimension of the circular transition was also mentioned as being fundamental. The ESPR was referenced as an example of legislation where the social dimension was integrated into the legislation as it was being developed. Perhaps existing legislation could be more effective if it embraced **a fairer circular economy** (e.g. better working conditions, ethical production processes, training of skilled workforces). Among industry stakeholders, there was some divergence on whether the social aspect should be part of CE legislation. However, the majority concluded that the Just transition is missing in the CE legislation and **trade unions** need to have a seat at the table when it comes to the transformation of industry.

Another solution is linked to the importance of decentralisation. We need to create circular hubs and give more support to cities and towns/communities.

Setting science-based binding targets

There was general consensus on the need to set science-based binding targets. It was made clear by the participants the direction to take to achieve resource efficiency. Our economy needs to function within our **planetary boundaries**. If we have consensus on this, then we need specific metrics and a methodology to get there, and a science-based target is essential to calculate how to get there (with yearly targets to stay within planetary boundaries).

They also underlined how one of the successes of the environmental movement in the EU has been setting binding targets for GHG emission reductions and energy efficiency targets. This system has brought together a lot of resources, such as policy, research, businesses, and everyone has focused and is focusing on reaching these targets. We are not reducing emissions just for the sake of it but to reach the targets. In the same way, we need to establish how much we need to reduce resource consumption and that will determine which type of legislation to produce.

The science-based targets need, however, to be accompanied by good KPIs and a monitoring and measuring system for binding targets to evaluate impacts, measure and assess circularity to continuously improve it. It is a means to an end!

There are sometimes inconsistencies between legislation and targets. This is due in part to the fact that the legislation is inherently complex. For instance, for waste management and recycling, countries can use different measurements (percentage reductions versus kilogrammes). Furthermore, different Member States are at different starting points in their circular transition journey (vis-à-vis landfills, food waste, recycling, etc.). If different indicators and systems are observed in different countries, it is increasingly difficult to get an overview of progress, and to what extent, in adopting circularity. At the EU level, there is a need for **common rules for lowering consumption** and reducing our environmental footprint.

Another solution would be to **embed resource consumption targets within the Climate law** as by doing so, resource reduction consumption would be taken into consideration given the focus that there is on climate change as one of the most important planetary crises. Furthermore, we would have a very strong

argument given that 50% of all CO2 emissions come from food and materials. It could be interesting for the Belgian Presidency to propose to include targets in the Climate law, and further in the future adopt a holistic/overarching legislation. There is an issue seeing how the targets of Climate law are linked to the territorial emissions, and with resource consumption we are assessing the impacts along the whole value chain. So there would be a problem on how we combine these systems.

Finally, participants concluded that targets should not only be set at an EU level but also at an **international level** – something universal, as we have done for climate change and carbon emissions, if we want a real transition to take place.

A new EU framework on circular economy and sustainable resource management

There was **an overall consensus in favour of an overarching framework** on CE and sustainable resource management, which could be similar to the EU Climate law. A new overarching framework should have an integrated approach and expand towards higher levels of achievement at all policy levels. It should bring policy coherence: integrating climate change and biodiversity. The social dimension, and the skills that need to be assessed, also needs to be taken into account.

As CE economy is nestled under the Green Deal, there should be an overarching framework for CE policy, which should also take climate change, nature, biodiversity and pollution into consideration, as they are interrelated. We have to address the triple planetary crisis together and not climate change, biodiversity depletion and pollution alone. When we talk about the framework, we must ensure that the CE discussions are within this broader framework.

A sustainable resource management law should tackle all aspects of the triple planetary crisis. Unsustainable resource management is responsible for **90% of biodiversity loss, 90% of water pollution and 50% of GHG emissions** – so it is important to embed them in one piece of legislation.

● **Next steps: preparing for January 2024 & beyond** ●

Leize Cloots, Cabinet of Federal Minister of Climate, Environment, Sustainable Development and Green Deal, touched on the urgency and ambitions of the Belgian Presidency's initiative and, more specifically, four areas to trigger political traction:

1. Recognise and accept circular economy as an instrument serving climate, biodiversity, and other initiatives.
2. Make sure that what is 'already on the table' is carried out.
3. Align and organise the initiative within the EU framework and governance.
4. Avoid getting stuck in a 'European bubble', since circularity and resource management can only be tackled at global level.

Discussions and exchanges will continue well into 2024:

- 15-16 January 2024: Informal Council
- 17 April 2024: Expert workshop in Brussels during the World Circular Economy Forum
- June 2024: ENVI Council