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NOTE

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Subject:	Draft Council conclusions on "More circularity - Transition to a sustainable society"
	- Adoption

1. On 4 March 2019, the Commission presented a report on the implementation of the Circular Economy Action Plan that sets out the main achievements regarding the 54 actions under the Action Plan, which have been completed or are still underway. It also identifies future challenges as the EU's circular economy goals remain far from complete and more progress is needed to reach the UN Sustainable Development Goals and especially the target on sustainable consumption and production (SDG 12).

At the same time, the Commission also released a Staff Working Document on an EU Product Policy Framework contributing to the Circular Economy.

2. On the basis of the Commission report and the input provided at the Informal Meeting of Environment and Climate Ministers on 11-12 July 2019 in Helsinki, the Presidency prepared draft Council conclusions that aim at establishing the framework for the work and activities to be taken up and delivered by Member States, the Commission and stakeholders to allow the transition to a circular and sustainable society. A particular focus of the conclusions lies on key sectors with a high need for comprehensive strategies and targeted actions to address circularity, including from the consumer perspective, namely the construction and demolition, food, textiles and mobility and electronics sectors.
3. The conclusions are put forward at an important moment at a time the Commission is working on the development of a New Circular Economy Action Plan within the framework of the European Green Deal, as announced by the Commission's President-elect.
4. The Permanent Representatives Committee discussed the draft conclusions at its meeting on 25 September 2019 where broad agreement on the text was confirmed, while a few suggestions were made to further improve the text. Following the meeting of the Permanent Representatives Committee, the Presidency has prepared a revised draft of the above-mentioned conclusions, which is set out in the Annex to this note and which should now be acceptable to all.

The draft still contains square brackets, in the paragraph referring to other sets of Council conclusions, around the reference to the draft conclusions on "The 8th Environment Action Programme - Turning the Trends Together" which the Environment Council is invited to adopt at the same meeting.

5. In light of the above and considering the large agreement found already at the meeting of Permanent Representatives Committee, the Council is invited to adopt the draft conclusions as set out in the Annex to this note at its session on 4 October 2019.

More circularity - Transition to a sustainable society

- Draft Council conclusions -

THE COUNCIL OF THE EUROPEAN UNION,

RECALLING:

The Decision of the European Parliament and of the Council on the 7th Environment Action Programme (EAP) "Living well, within the limits of our planet" ¹ for a resource-efficient, green and competitive low-carbon economy and the evaluation of the programme;

The Resolutions of the European Parliament on waste management; the public procurement strategy package; the implementation of the circular economy package: options to address the interface between chemical, product and waste legislation; and a European strategy for plastics in a circular economy;

The UNGA Resolution on "Transforming our world: the 2030 Agenda for Sustainable Development", the Sustainable Development Goals (SDGs), the Ministerial Declaration of the UNEA-4, in which the global community agreed to advance sustainable consumption and production patterns through circular economy, UNEA Resolutions 2/8 on sustainable production and consumption, 4/1 on innovative pathways to achieve sustainable consumption and production, 4/6 on marine plastic litter and microplastics, 4/9 on single-use plastic products pollution, and 2/7 and 4/8 on sound management of chemicals and waste;

¹ OJ L 354, 28.12.2013, p. 171.

The Commission's Communications on "Closing the loop - An EU action plan for the Circular Economy" ², "The role of waste-to-energy in the circular economy" ³, "A European Strategy for Plastics in a Circular Economy" ⁴, "A monitoring framework for the circular economy" ⁵, "The implementation of the Circular Economy Action Plan" ⁶, "The implementation of the circular economy package: options to address the interface between chemical, product and waste legislation" ⁷, as well as the Staff Working Document on "Sustainable Products in a Circular Economy - Towards an EU Product Policy Framework contributing to the circular economy" ⁸;

The New Strategic Agenda for 2019-2024 adopted by the European Council on 20 June 2019, which insists on the urgent need to build a climate-neutral, green, fair and social Europe;

The Council conclusions on:

- Closing the loop - An EU Action Plan for the Circular Economy ⁹,
- Sustainable Water Management ¹⁰,
- Eco-innovation: enabling the transition towards a circular economy ¹¹,
- Delivering on the EU Action Plan for the Circular Economy ¹²,
- Towards an ever more sustainable Union by 2030 ¹³,
- An EU Industrial Policy Strategy: a Vision for 2030 ¹⁴,
- Towards a Sustainable Chemicals Policy Strategy of the Union ¹⁵,
- [The 8th Environment Action Programme - Turning the Trends Together *to be adopted on 4 October 2019*];

² 14972/15 + ADD 1 - COM(2015) 614 final.
³ 5801/17 - COM(2017) 34 final.
⁴ 5477/18 + ADD 1 - COM(2018) 28 final + ADD 2.
⁵ 5478/18 - COM(2018) 29 final + ADD 1.
⁶ 7128/19 - COM(2019) 190 final + ADD 1.
⁷ 5479/18 - COM(2018) 32 final + ADD 1.
⁸ 7121/19 - SWD(2019) 91 final.
⁹ 10518/16.
¹⁰ 13342/16.
¹¹ 15811/17.
¹² 10447/18.
¹³ 8286/19.
¹⁴ 9706/19.
¹⁵ 10713/19.

EMPHASISING that circular economy is an important enabler for ensuring respect for planetary boundaries, halting biodiversity loss, and reducing global greenhouse gas emissions, and that it can contribute to the achievement of the goals of the Paris Agreement;

RECALLING the Commission's Communication "A Clean Planet for all" which presents a strategic long-term vision for a climate-neutral EU economy by 2050, highlighting *inter alia* the important role of the circular economy in limiting greenhouse gas emissions, and the IPCC special report on Global Warming of 1.5 °C;

UNDERLINING that the IPBES 2019 Global Assessment Report on Biodiversity and Ecosystem Services clearly indicates that shifting to more sustainable production and consumption patterns, lowering overall consumption and reducing waste are necessary in order to meet global goals for conserving nature and biodiversity;

EMPHASISING that the Global Resources Outlook 2019 of the International Resource Panel indicates that resource extraction and processing account for more than 90 % of global biodiversity loss and water stress impacts and for approximately half of global climate change emissions;

RECALLING the findings of the Global Chemicals Outlook II, which states that chemical-intensive products and complex global supply chains create challenges for circularity;

RECALLING the Commission Reflection Paper "Towards a sustainable Europe by 2030" and the fact that a circular economy is relevant for reaching the SDGs by allowing a move towards sustainable production and consumption, promoting sustainable technologies and ensuring the sustainable management of natural resources; UNDERLINING that the Union and Member States still have considerable efforts to make to comply with these goals;

UNDERLINING that implementing the Updated Bioeconomy Strategy "A sustainable bioeconomy for Europe", currently under evaluation by the Council, in a circular, innovative and sustainable way will help to ensure respect for planetary boundaries and halt biodiversity loss, deforestation and land and ecosystem degradation;

RECALLING that water is a key resource which should be used in a sustainable and efficient manner with appropriate increased reuse of water contributing to the circular economy and addressing water scarcity and drought in the Union exacerbated by the increasing climate change; WELCOMING that the Commission has proposed legislation contributing to these aims;

RECALLING that the Commission is invited to present a long-term vision of the industrial future of the Union by the end of 2019 and the Commission President-elect's intention to present a European Green Deal;

REITERATING that the circular economy will boost Europe's resource productivity, achieve sustainable management and efficient use of natural resources, reduce dependence on non-renewable resources and critical raw materials, generate co-benefits and cost savings, and create jobs;

The Circular Economy - a European success story

1. RECOGNISES the commitment of the Commission and the Member States to promoting circular economy; APPRECIATES the actions taken and results delivered to strive towards a circular economy; NOTES however that more efforts are needed to boost the transition; FULLY SUPPORTS the Commission's efforts to complement the legislative framework and to identify barriers hindering circular economy in Europe;

2. ACKNOWLEDGES the Union and its Member States' efforts to become global leaders in promoting circular economy both bilaterally and multilaterally, including circular economy missions to third countries and the World Circular Economy Forums; and UNDERLINES that the role of the Union has been instrumental in maintaining the momentum required to take the first steps towards sustainable consumption and production and waste management; REITERATES the Union's commitment to combating marine litter from plastics, including microplastics, from both land- and water-based sources;
3. ENCOURAGES the Commission and the Member States to complete the implementation of the actions included in the Circular Economy Action Plan; RECOGNISES the untapped potential offered by the use of, *inter alia*, economic and fiscal incentives, digitalisation and artificial intelligence; URGES the Commission to work further on the interface between chemical, product and waste legislation; STRESSES that a coherent circular product policy and investments, in particular in infrastructure, are needed to incentivise innovation and markets for high-quality secondary raw materials and service-based circular business models;
4. RECOGNISES that sustainable management of waste and materials is one of the key building blocks of the circular economy; RECALLS the importance of full implementation of the waste *acquis*, guided by the waste hierarchy principle, of achieving the preparation for reuse, recycling and landfill targets and of ending landfilling of untreated municipal waste as soon as possible;
5. RECOGNISES the importance of industry engagement and strong collaboration in the value chain in the transition to a circular economy; in this regard, SUPPORTS the work of the Circular Plastics Alliance and WELCOMES the Circular Plastics Alliance Declaration to increase the use of recycled plastics in new products;

6. SUPPORTS collaboration initiatives conducted by Member States, stakeholders and the Commission to promote circularity; UNDERLINES the need for dedicated network platforms to facilitate cross-border collaboration, enhance innovation, and speed up the process of scaling up best practices; ENCOURAGES the Commission and Member States to make more use of the European Stakeholder Platform for Circular Economy and the European Resource Efficiency Knowledge Centre;

Circular Economy Strategy 2.0

7. ACKNOWLEDGES that the Union's circular economy policy action has been successful, but STRESSES that more numerous, more ambitious and further scaled up actions are necessary to lead to a systemic transition in which circular, safe and sustainable climate-neutral production and consumption models and nature-based solutions become competitive and mainstream;
8. URGES the Commission and the Member States to integrate the circular economy into all relevant policies and strategies, including the future 8th EAP, and make it one of the cornerstones of the long-term vision of the Union's industrial future; UNDERLINES that a circular economy can significantly improve the resilience and competitiveness of businesses, societies, cities and regions;
9. ENCOURAGES the Commission and the Member States to take into account the diversity of situations in the various regions of the Union, including the outermost regions, and the social and economic effects of the transition, and to take appropriate measures to ensure a fair and inclusive transition for all, taking care especially to prevent adverse effects on the most vulnerable;

10. STRESSES that capturing the potential of circular economy is fundamental to achieving a climate-neutral society and protecting biodiversity; URGES the Union and the Member States to integrate circular economy actions in their long-term strategies under the Paris Agreement and in the national Biodiversity Strategies under the Convention of Biological Diversity, as well as in the 2030 Agenda implementation strategies; UNDERLINES that circular economy can reduce greenhouse gas emissions from sources not directly addressed by the current climate policy;
11. STRESSES that circular economy is an effective tool for tackling the drivers and root causes of the loss of biodiversity and therefore RECOMMENDS that the Commission and Member States investigate options for introducing possible resource efficiency targets for conservation and restoration of biodiversity, for reducing greenhouse gas emissions and for promoting a change in consumption and production patterns, using less materials, keeping materials in use for as long as possible and moving towards non-toxic materials cycles;
12. HIGHLIGHTS the importance of international cooperation and digital technologies in supporting sustainable and traceable supply and value chains, as well as fair, sustainable and resource-efficient global use of natural resources; ENCOURAGES the Commission and the Member States to explore opportunities for an international agreement on natural resources management in order to move towards a sustainable and efficient use of natural resources;
13. UNDERLINES that cities and regions play a pioneering role in the transition to a circular economy and function as hubs for circular change; ENCOURAGES the Commission and the Member States to mobilise and support regions and cities to draw up concrete action plans for a safe and sustainable climate-neutral circular economy, to improve waste management through policies, investments and pilot projects, and to create innovation platforms that activate the private sector and encourage industrial symbiosis between companies in order to minimise resource use;

14. UNDERLINES the importance of creating a well-functioning single market for high-quality, non-toxic secondary raw materials that are safe for human health and the environment and the importance of avoiding material leakage from the Union; STRESSES the importance of improving traceability; CALLS FOR further work on product requirements and standardisation, taking into account in particular resource efficiency, the content of substances of concern and recyclability and employing a life-cycle approach with regard to recycled products and materials; CALLS FOR structural investments in EU recycling infrastructure *inter alia* through effective use of existing EU funding; ENCOURAGES the Commission to explore possibilities to expand minimum requirements of secondary raw material content in products beyond plastic bottles; INVITES the Commission to consider how the movement of waste destined for recycling could be facilitated within the Union while ensuring environmental and health protection and, if appropriate, to present a proposal for a revision of the waste shipment Regulation, taking into account the results of the ongoing review of the Regulation;
15. CALLS ON the Commission to put forward an ambitious long-term EU strategic framework for circular economy, involving a common vision, policy instruments and a monitoring framework; ENCOURAGES the Commission to adopt a new Circular Economy Action Plan with targeted actions without delay, building upon the 2015 Circular Economy Action Plan, in close cooperation with stakeholders, establishing clear links with other policy areas such as climate change, biodiversity, bioeconomy, digitalisation and industrial policy;

Targeted strategies for key sectors

16. RECOGNISES the need for comprehensive strategies and targeted action to address circularity systematically across the value chain, including from the consumer perspective, in the construction and demolition, food, textiles, mobility and electronics sectors; ENCOURAGES the Commission, along with stakeholders, to prepare such strategies covering targets, policies, instruments, indicators and results monitoring in these key sectors and to continue promoting circular economy in other sectors, such as tourism; UNDERLINES the importance of promoting resource efficiency and responsible and sustainable sourcing of raw materials in sectors that pose significant risks to health, biodiversity and ecosystems;

17. POINTS OUT that the buildings and infrastructure sector is the single largest energy consumer in Europe, that the sector is highly material and carbon intensive, that construction and demolition waste accounts for a third of waste generated in the Union and that renovation of existing buildings and new circular buildings and infrastructure can play a role in the green transition; URGES the Commission to include and facilitate requirements aimed at supporting the circularity of construction products in the possible revision of the Construction Products Regulation (CPR) and to include these requirements in mandates for harmonised product standards; SUPPORTS the integration of circularity principles in the building sector through the development of tools such as Level(s), the Product Environmental Footprint and the Environment Product Declaration, efficient end-of-life management solutions and the use of renewable resources;
18. STRESSES that unsustainable food systems contribute to global greenhouse gas emissions, biodiversity loss, global land degradation and deforestation; STRESSES that a sustainable, safe and circular food system in strong nexus with water and energy security is crucial to achieving a number of SDGs; UNDERLINES that efforts must be accelerated if SDG 12.3 of halving per capita food waste at retail and consumer levels and reducing food losses along the production and supply chains, including post-harvest losses, by 2030 is to be met;

19. UNDERLINES that closing the loop in textiles is critical, because the consumption of textiles is estimated to double by 2030, textiles have very low material recovery rates and the production of textiles has a considerable environmental footprint, with most material ending up in incineration or landfill; STRESSES that Member States have to comply with the requirement to collect textiles separately by the end of 2024; CALLS FOR an EU Textile Strategy to steer the textile sector away from unsustainable production and consumption patterns towards more sustainable and circular value chains, including high-quality industrial recycling; STRESSES that this cannot be fully achieved without international action; UNDERLINES the need for product policy measures, *inter alia* economic instruments, and the potential for developing ecodesign criteria for textiles to promote a shift to more durable, reusable and repairable and long-lasting clothes and textiles as well as more sustainable production processes and to address the risks of chemicals in textiles; RECOGNISES the need for more transparency and better information to enable more sustainable consumer choices; ENCOURAGES all Member States to boost the circular textiles market and innovation by acting as a launching customer through public procurement;
20. UNDERLINES the importance of an ambitious emission reduction policy in the transport sector in the context of the European strategic long-term vision for a climate-neutral economy; STRESSES that changes in technology, material use in vehicles, mobility services and consumer habits are required in order to create sustainable mobility systems; REITERATES that the transition to electro-mobility has to be accompanied by coherent policies supporting the development of technologies to improve the sustainability and circularity of batteries and hydrogen mobility;
21. UNDERLINES that minimising the negative environmental impacts of electronics requires targeted actions covering the entire value chain, which address among other things the increasing use of electronics and batteries containing critical raw materials; RECOGNISES that the growing use and the short life-cycles of ICT products, as well as the capacity of data centres, increase the demand for energy and critical raw materials; STRESSES the need for further efficiency and design measures to contribute to a sustainable and circular digitalisation in the EU;

22. WELCOMES the Commission’s evaluation of the Batteries Directive and ENDORSES its key findings; CALLS FOR an urgent revision of the Batteries Directive with a special focus on improving the definitions of different types of batteries, enhancing separate collection and recycling of all types of batteries, stimulating the replacement of single-use batteries with rechargeable ones and the reuse of batteries; NOTES that the revision should include all relevant battery materials and consider, in particular, specific requirements for lithium and cobalt as well as a mechanism allowing the adaptation of the Directive to future changes in battery technologies; UNDERLINES the potential in the development of ecodesign criteria for batteries in support of circularity;
23. HIGHLIGHTS the fact that the EU Plastics Strategy is based on the transition to a circular economy; CALLS FOR the full implementation of the Strategy and possible further action in key sectors using plastics, including packaging, construction, automotive, electronics, textiles and agriculture; RECALLS that by 2030 all plastic packaging placed on the Union market should be reusable or recyclable and the capacity for sorting and recycling in the EU should increase fourfold since 2015; INVITES the Commission and the Member States to take further action to meet this target, especially by encouraging reuse models and designing products to be reusable and recyclable; STRESSES the need to tackle the issue of over-packaging, to increase the use of recycled plastics and, in order to minimise the risks to the circular economy, to develop a clear and robust environment policy framework for sustainable bio-based plastics and biodegradability without delay; ENCOURAGES the Commission and the Member States to support pilots and upscaling of innovative technologies, such as the chemical, advanced mechanical or solvent-based recycling of plastics;

24. WELCOMES the Union's leadership in the global efforts to support a shift from linear to circular plastics production and consumption in order to reduce marine litter, including from microplastics, from both land- and water-based sources; ENCOURAGES the Commission to accelerate the establishment of restrictions on intentionally added microplastics and to consider possibilities for the reduction of unintentionally released microplastics; CALLS FOR an assessment of a potential global agreement that would address the whole life-cycle of plastics with the aim of stopping plastic litter from land- and water-based sources from entering the oceans; STRESSES in this regard the need for strong and effective regional cooperation with countries bordering the Union;
25. UNDERLINES the importance of addressing water scarcity and drought in the Union, which is expected to worsen in the context of climate change; ENCOURAGES the Commission and the Member States, together with stakeholders, to promote water reuse and reduce water leakages taking into account regional conditions across the Union as appropriate, while ensuring the protection of public health and the environment;

Boost circular economy by delivering changes in production and consumption patterns

26. CALLS FOR the drawing up and adoption of a legislative proposal for a coherent product policy framework based on a life-cycle approach to address further single-use products, overconsumption and unsustainable production and consumption patterns; NOTES the importance of developing circular service models and of innovative product design; WELCOMES action to boost circular economy by using products and materials in a smarter way, by extending the lifetime of products and by keeping materials in the economic cycle for as long as possible (refuse, reduce, repair, reuse, redesign and recycle);

27. STRESSES the key role of the consumer in the transition towards a circular economy; ENCOURAGES the Member States to work with regional and local authorities, use policy tools, education, and economic incentives to support lifestyle changes, which benefit both the environment and people's skills, health and well-being; in this regard, INVITES the Commission to develop product information instruments aimed at consumers on elements such as product lifetime and reparability, and to consider how to incentivise consumers to contribute more to the circular economy; CALLS FOR digital solutions to improve the sharing of information, products and services in order to empower citizens to become active participants in co-creating solutions for a circular economy;
28. CALLS ON the Commission to establish a common EU system for information sharing across value chains to ensure and enable sustainable use of products and services in order to minimise their environmental and carbon footprint; CALLS UPON the Commission and Member States to set up a strengthened EU-coordinated effort to collect data on the greenhouse gas impact of material use and make use of this data in product information instruments, greenhouse gas emission modelling and climate policy;
29. RECALLS the importance of extended producer responsibility (EPR) in promoting circularity; RECOGNISES that growing online sales from third countries create problems for the existing EPR systems that should be addressed at Union level within EPR provisions and rules; CALLS ON the Commission to examine further the possibilities of using EPR in stimulating circular business models and to provide guidance on the effective use of the eco-modulation of EPR fees to support design for circularity;

30. HIGHLIGHTS the importance of the Ecodesign and Energy Labelling frameworks, which have been successful in making an increasing number of energy-related products more energy-efficient; CALLS ON the Commission to adopt an Ecodesign Working Plan to update existing measures in order to keep up with the technological state of the art and develop measures for new product groups, with a particular focus on ICT products; REMINDS the Commission to explore the possibility of establishing horizontal resource efficiency requirements as mentioned in the Ecodesign Working Plan 2016-2019; CALLS ON the Commission to incorporate criteria on material efficiency (durability, reparability, recyclability and recycled content) and the safe-by-design concept in ecodesign measures; further CALLS ON the Commission to assess the possible application of ecodesign principles beyond energy-related products and put forward a legislative proposal, as appropriate;
31. WELCOMES the piloting of the EU Environmental Footprint methodology and URGES the Commission to explore whether it can be used as one of the methodologies in developing criteria for product policy measures, e.g. the EU Ecolabel, Ecodesign and EU Green Public Procurement; WELCOMES all initiatives to support the communication of environmental impacts based on the Environmental Footprint pilot and in time eventually the establishment of a mandatory scheme for environmental claims; CALLS ON the Commission and Member States to improve awareness of the EU Ecolabel and the Eco-Management and Audit Scheme (EMAS) and at the same time to enlarge their uptake by industry and other organisations;
32. CALLS ON the Commission to present a Union strategy for a non-toxic environment guaranteeing non-toxic material cycles aiming at a better alignment of the chemicals, products and waste policy; ACKNOWLEDGES in this context the important role of traceability, transparency and information exchange throughout all phases of the value chain;

33. **STRONGLY CALLS** for new initiatives and the transfer of expertise on industrial processes and technologies, the exchange of best practices and the networking of stakeholders in the field of circular economy, including circular bioeconomy; **UNDERLINES** the importance of industrial symbiosis and its role in promoting resource efficiency, markets for secondary raw materials and innovative technologies;
34. **UNDERLINES** the importance of innovation, research, digitalisation and new business models, such as service-based businesses and the sharing economy, in reducing the overall consumption of materials, improving resource efficiency, promoting green and sustainable chemistry approaches and non-chemical alternatives, improving recyclability and increasing the lifetime of products; **STRESSES** the need for adequate public and private funding, including through Horizon Europe, to conduct necessary research and foster innovation, and for coordinated efforts to optimise the use of scarce funding and capacities;

Economic instruments for circular economy

35. **ENCOURAGES** the Member States to apply economic instruments, such as environmental taxation, green tax reforms and EPR, to promote more sustainable and circular production and consumption patterns and to improve waste management consistently with the waste hierarchy; and **RECOGNISES** the importance of tackling carbon leakage; furthermore **ENCOURAGES** the phasing out of environmentally harmful subsidies to facilitate structural change towards more innovative and sustainable circular business models; **CALLS ON** the Commission to provide advice to the Member States on effective policy tools and economic instruments and on how to implement them at the national level;

36. STRESSES that procurement of circular products and services can boost circular markets and investments in clean, safe, non-toxic and sustainable cycles; CALLS ON the Commission and Member States to focus on circular public procurement in priority sectors and share experiences on pilots and best practices; ENCOURAGES the Commission and Member States to provide additional guidance for Green Public Procurement and to examine a possible monitoring of its impact;
 37. STRESSES the importance of sustainable financing and the EU Action Plan for Financing Sustainable Growth in the transition to a circular economy; WELCOMES the approach of the European Investment Bank (EIB) in supporting the transition to a circular economy and encourages the EIB to continue to provide such financing and to help raise awareness among governments, businesses and investors to work towards a circular economy;
 38. INVITES the Commission and Member States to encourage businesses and the financial sector to use clear and comparable environmental performance targets to guide their investments; CALLS FOR the sharing of best practices regarding the involvement of the private sector in sustainable financing.
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