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Circular Economy: a good resolution!

According to the European Commissioner in charge of the Environment, Karmenu Vella, "a circular economy could be our smartest resolution for 2016". Not an easy one as it implies a **systemic change** from our traditional linear "take-make-consume-dispose" way of consumption to an economy which is able to regenerate itself. The Commission's package presented last December is indeed about "closing the loop" of materials and products **lifecycle** through **sharing**, **reusing, repairing** and **recycling** in a systematic way in order to reduce **waste** to a minimum.

It is not the Commission's first attempt, as a first package was presented in July 2014. It aimed at reaching a 30% increase in **resource productivity** by 2030. This package also proposed to review in a single text the waste framework directive and specific texts on **landfilling**, **packaging**, **end-of-life vehicles**, **batteries** and **electronic waste.**

A few months after taking office in 2014, the new Commission decided to withdraw this proposal, announcing that a more comprehensive plan would be presented later on. It justified this decision on the grounds of "political discontinuity" and "better regulation". This withdrawal was in accordance with the views of some European companies but it caused a political uproar in the European Parliament which, in July 2015, urged the Commission to put forward an ambitious proposal by the end of the year.

The new package includes an **Action Plan** and four **legislative proposals.** In a sense it goes further than the previous one by including actions on **raw material**, **ecodesign** of products, innovative **production** processes and **consumption** habits, management of **secondary raw materials** and **water reuse**. It also identifies five areas to be addressed in priority: **plastics, food waste, critical raw materials, construction** and **demolition, biomass** and **bio-based products.** Regarding waste policy, it proposes to revise separately the **framework directive**, the directive on **packaging waste** and the directive on **landfilling**, while addressing electronic waste, end-of-life vehicles and batteries in one text. Reference to some **virgin raw material inputs** and **residual waste**, even in an optimised circular system, no longer appears while the impact of **planned obsolescence practices** is referred to in a non-binding way.

The **holistic approach** of this new package was cautiously welcomed by MEPs (except the EPP) who regretted its lack of ambition and weakened targets: for example the target for resource productivity has been dropped and recycling target rates by 2030 are down from 70% to 65% for municipal waste and from 80% to 75% for packaging waste. The Commission explained these adjustments by the need to set **more realistic and achievable targets**.

During the Competitiveness Council of the EU on the 29th of February, national delegations welcomed the objectives but also asked for thorough impact analyses. It remains to be seen if the next Environment Council of 4th of March will prove receptive to this package, conceived to be in line with the necessity, voiced by Member States on the previous project, to better take into account **national specificities** and **performance levels**.

The withdrawal of the initial package created higher expectations from **co-legislators**. The rather tumultuous debate coming up ahead might confirm the common rule according to which New Year's resolutions are hard to keep!

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The Juncker Plan's first reality check: trick or treat?

"The Investment Plan is already showing results" claims the European Commission in the first state of play of the "Juncker Plan" published on 15 January.

Announced by Jean-Claude Juncker as soon as July 2014 and formally presented in November 2014 amid much publicity, the Plan intended to **remedy the decline in investment** in the EU (15% since 2007) attributed to a mix of subdued economic growth, stretched public resources and a lack of investors' confidence. In July 2015, the EU set up for three years the European Fund for Strategic Investments (EFSI) under the aegis of the European Investment Bank (EIB).

Thanks to a €21 billion guarantee provided by the EU (€16 billion) and the EIB (€5 billion), the latter would provide financing which should **trigger third parties' co-investment of up to €315 billion**:

- approximately **€240 billion would go to infrastructure and innovation projects,**
- and **€75 billion to risk financing for SME** (the European Investment Fund (EIF) would monitor it)

The **Commission** estimated there would be a multiplier effect of 15, which it deemed a "prudent average". In addition, the EFSI was meant to support projects across the EU "without any sectoral or geographical pre-allocation".

Six months later, the EFSI has consumed €7.5 billion of its guarantee fund:

- €5.7 billion went to **infrastructure and innovation projects** with an expected private investment of **€25 billion,**
- €1.8 billion was given to **SMEs** with an expected private investment of **€25 billion.**

As far as **infrastructures** are concerned 15 Member States have benefited from the EFSI. The most successful countries are the United Kingdom, Italy, France and Spain. Altogether **42 projects have been approved**, out of which 17 are in the energy and climate action sector; 8 in transport; 5 in research, development and innovation; 4 in SMEs and Mid-Caps; 3 in health and ICT; and 2 in environment and resource efficiency.

On the **SMEs**' side **84 financing agreements** have been signed by the EIF with banks or investment funds active in supporting SMEs.

So far, the multiplier effect is 4.4 for infrastructure projects and 13.9 for SMEs support. The better performance of the SME component is probably due to the fact that the EIF brings guarantees to financial institutions whereas the EIB is more directly involved in big individual projects. Taking into account that a third of the EFSI is already committed, reaching an overall multiplier effect of 15 by 2018 remains a challenge.

Public consultations *

Policy field	Title	Deadline
Communications	Public-private partnership on cybersecurity	11.03.2016
Networks	EU-US cooperation in eHealth/Health IT	15.03.2016
Climate Action	Auctioning Regulation and EU Emissions Trading System	15.03.2016
Justice	Long-term and sustainable investment	25.03.2016
Internal Market	Enforcement of intellectual property rights	15.04.2016
	Notifications of new regulatory requirements for services providers	19.04.2016
Taxation	Double taxation dispute resolution mechanisms	10.05.2016

* For an exhaustive list : http://ec.europa.eu/yourvoice/

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