

**Resolution adopted at the EPP Congress, Madrid (Spain), 21<sup>st</sup> – 22<sup>nd</sup> October 2015**

**Circular Economy Package 2.0 – bending the line**

The social market economy is by nature based upon making the best use of resources, whether human resources, energy or raw materials. The social market economy model is also based on the responsible and sustainable use of the environment. In order to increase our competitiveness and efficiency in the use of scarce resources, we have to minimise the leakage of valuable resources from our economy. Increasing recycling, re-use, recovery and paying attention to product design can achieve this. In essence, this is nothing new, since European businesses are constantly striving towards a more efficient use of resources and energy to give them a competitive advantage in global markets. The circular economy has been developed in a number of areas of our societies. The advantages for consumers, businesses, the environment and our economies are clear, provided we can do it on a commercial and market-orientated basis.

Now it is time for the European Union to support changes that simplify regulations, create incentives for using more secondary recycled raw materials and encourage investing in circular business models. According to the 2014 impact assessment by the European Commission conducted on the legislative proposal to review recycling and other waste-related targets in the EU, the economic benefits are clear. We are looking at a potential GDP boost, new jobs being created in the EU and reducing the EU's reliance on imported raw materials and energy. Thereby, we can increase our competitiveness and reduce the input of raw materials. Achieving greater competitiveness and the more efficient use of resources can create technological and environmental market leaders in our industries.

A more circular economy will benefit us all. It will create badly needed jobs in Europe, make us more efficient, support our cleantech companies in becoming global leaders and make us less dependent on imported energy and raw materials. All of us, employees, consumers, businesses and citizens alike, need these benefits.

We, as the EPP, support a new and more ambitious package. In our vision the new Circular Economy package will simplify regulations concerning businesses, establish the necessary regulations and incentives to support the creation of a well-functioning market for secondary recycled raw materials, and introduce measures to boost our resource efficiency through market mechanisms. The proposal needs to be realistic, market-orientated and must support growth by facilitating small and big companies in developing their activities, and by supporting our industry as a whole in increasing efficiency, profits and jobs.

In order to facilitate a more circular economy, we need to focus on simplifying regulations, thereby facilitating the creation of a sound and well-functioning market for recycled materials and creating accurate and usable definitions so that new markets can work without undue hindrance and support from public fiscal resources. In addition to creating well-functioning secondary recycled raw material markets, it is important to encourage the clustering of industries that can use each other's by-products as a resource in production and new kinds of innovative business models which are based on leasing.

In this position paper we outline the key political guidelines upon which we want the new Circular Economy package to be built.

The European People's Party:

- Acknowledges that in 2010 EU waste production was 2,520 million tons, of which 36% was recycled. The remaining waste was put in landfills or incinerated. According to an impact assessment by the European Commission, another 600 million tons could have been recycled and the resources returned to productive use;
- Acknowledges the stated economic growth and job creation potential of a more circular European economy;
- Acknowledges the vast potential of higher recycling, re-use and recovery levels to reduce dependence on imported raw materials and energy;
- Acknowledges the potential of a more circular economy, combined with energy efficiency, to reduce the EU's CO2 emissions in a business-friendly way;
- Acknowledges the benefits of water and wastewater reuse and the importance of leakage management;
- Acknowledges the benefits of the sustainable and efficient use of resources and energy;
- Highlights the importance of consumer awareness about the benefits of moving towards a circular economy for this initiative to be successful;
- Supports reviewing and streamlining existing EU waste directives to cut unnecessary red tape;
- Recognises that market mechanisms and incentives are effective and should be favoured over regulations to achieve the goal of a more circular economy. Regulation should be used only when absolutely necessary;
- Recognises the benefits of smart product design that enables resource efficient production, use, re-use, repair, recyclability and re-usability;
- Calls on the European Commission to present a proposal in order to realise the huge economic potential with ambitious targets and a framework setting out a clear direction for progress in achieving resource efficiency and providing predictability and clarity for investors;
- Invites the Member State governments to cooperate and learn from each other's best practices in terms of resource efficiency and facilitating recycling, re-use and recovery;

- Calls on the European Commission to support circular economy projects' access to existing EU funds;
- Calls on the European Commission to rely as much as possible on market mechanisms when encouraging the move towards a more circular economy;
- Calls on the European Commission to present a clear and usable definition of when waste becomes a resource to facilitate the creation of a pan-European secondary raw materials market;
- Calls on the European Commission to promote industry-led initiatives to move towards a more circular economy;
- Calls on the European Commission to facilitate the better functioning of the Single Market for waste and the pan-European optimisation of waste streams in contrast to separate national systems;
- Calls on the Member States to use existing EU structural and investment funds to support circular economy projects;
- Calls on the European Commission to encourage the Member States to develop fiscal incentives that stimulate a more circular economy;
- Calls on the European Commission to support awareness campaigns for citizens and consumers, and to encourage national, regional and local governments as well as the private sector to promote recycling and resource efficiency;
- Calls on the Member States to secure market-based energy prices in order to avoid sub-optimising and distorting markets;
- Calls on the European Commission to secure full competition in the internal energy markets, including district heating and combustion power;
- Underlines the need to complete the internal market regarding waste resources and services of the recycling industry.