

# Position Paper on the EU action plan for the Circular Economy<sup>1</sup>

UEAPME welcomes the EU action plan for the Circular Economy. It outlines how the transition to a Circular Economy can be implemented. The action plan lays out factors to preserve and maintain the value of products, materials and resources in the economy for as long as possible, while minimising the generation of waste. We therefore consider this package better balanced and more holistic than the withdrawn 2014 package.

The circular economy, with the full involvement of SMEs, can be a strong driver of competitiveness and transformation with positive effects on the environment. UEAPME demands to horizontally address the SME-dimension since numerous initiatives in the action plan are of vital importance for SMEs, which go beyond the smaller amount of actions specifically addressing SMEs.

SMEs often are already contributing to a Circular Economy through their business models and often are natural frontrunners such as the numerous businesses in the renovation of buildings sector, or in the maintenance and repair sectors. However, because of their specific characteristics (small size, limited human and financial resources) SMEs are more likely than large companies to have experienced a range of difficulties setting up their resource efficiency actions<sup>2</sup>. This fact shows the big need for the following support measures, which would enable SMEs to better participate in and build a circular economy: an SME-friendly legislative framework, awareness raising actions, technical assistance at local level, improved access to finance, capacity building for SME organisations, and upgrading of employees' skills. These measures are, however, only partially accounted for in the Commission proposal

## Production

With regard to production, UEAPME particularly appreciates that the Commission examines options and actions for a more coherent policy framework in different strands of the circular economy, inter alia its product policy, the inclusion of actions from the Green Action Plan for SMEs as well as the proposal to facilitate the substitution of chemicals of concern. When considering product design rules, a reasonable balance between technical, ecological and economic aspects has to be found in order to make sure that these rules do not inhibit Europe's companies' innovative capacity. Extending the application of resource parameters in the Eco-design directive may increase the burden for manufacturing SMEs, instead of bringing regulatory relief and less red tape. Furthermore, criteria like reparability or durability will prove difficult to measure. UEAPME confirms the European Commission in choosing a product group-by-product group approach and asks it to carry out extensive pre-consultations.

<sup>1</sup> COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE AND THE COMMITTEE OF THE REGIONS Closing the loop - An EU action plan for the Circular Economy, published December 2, 2015

<sup>2</sup> Flash Eurobarometer 426, „SMEs, Resource Efficiency and Green Markets“, published in December 2015, accessible under <http://ec.europa.eu/COMMFrontOffice/PublicOpinion/index.cfm/Survey/index#p=1&instruments=FLASH>

### **Consumption**

Information that raises the customers' awareness about the reparability of mass products helps avoiding that repairable products enter the waste stream. It can promote reuse as opposed to the less resource efficient recycling. UEAPME will continue monitoring the footprint pilots and make efforts to provide feedback with regard to its use for measuring and communication of environmental information. Despite known efforts by the European Commission to make PEF manageable for SMEs, among UEAPME members worries remain that making the PEF-methodology compulsory will – legally or de facto – increase red tape and costs, particularly for small series production.

UEAPME is sceptical about the planned action on Green Public Procurement. 86% of SMEs do not participate in bids for public procurement, out of the few SMEs which participate in a public procurement bid and experienced difficulties, 40% described too much paperwork as their biggest problem. Adding an additional, green layer to public procurement would result in even more paperwork and would not encourage more SMEs to participate in such bids. For these reasons, UEAPME, requests easy to access, lean Public Procurement and not overloaded bids, which require such heavy paperwork that they are discouraging businesses to apply for.

### **Waste management**

UEAPME welcomes as a first step the simplification and harmonisation of definitions and calculations methods, which can form the basis for sound data. The proposed early warning systems for Member States is therefore also a welcome tool, which could support the implementation process and help even out differences across Member States and their achieved waste goals. The long-term recycling targets for municipal waste, packaging waste, and to reduce landfill remain ambitious. Instead of aiming for too ambitious goals, the focus should lie on the implementation of the existing waste goals. Furthermore, adaptations are necessary in the area of waste transport, in particular a threshold for hazardous waste.

### **Further issues**

Other positive elements of the action plan include the proposal to clarify rules on by-products to facilitate industrial symbiosis since cooperation along the value chain offers SMEs access to key enabling technology and other resources. A reduction of resources required can only be achieved, if the symbiosis throughout the supply chain is enhanced. UEAPME also highly welcomes better access to finance and bundling of small-scale projects particularly in the framework of the European Fund for Strategic Investments (EFSI) to scale up improved technologies and innovative industrial and production processes, develop infrastructure and increase cooperation between actors of the value chain. The increased funds for research and innovation through the Horizon 2020 Work Programme for 2016-2017 are important steps to improved access to finance.

Since the Action Plan on the Circular Economy sets out which initiatives will be taken in the period 2016-2017 and beyond, the success of the transition to a circular economy depends largely on the quality of their implementation and the extent to which they are going to be feasible and applicable for SMEs, which represent the big majority of EU enterprises. If the transition towards the circular economy is to be a successful one, SMEs need a clear, lean regulatory framework and comprehensive assistance and support on a local and regional level to implement processes and business models where the values, materials and resources of products are maintained as long as possible.

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