



13 SEPTEMBER 2016

CONFERENCE TITLED “SUSTAINABLE INDUSTRY IN THE CONTEXT OF CIRCULAR ECONOMY”

DOUBLE TREE BY HILTON, KOSICE, SLOVAKIA

PANEL DISCUSSION: “ HOW CAN CIRCULAR ECONOMY SUPPORT SUSTAINABLE GROWTH?”

SPEECH TIME AROUND 3-4 MINUTES

Question by the moderator (Zuzana Gabrižová): “**How much are business on board with the paradigm shift towards circular economy in the EU? Would you say it is more business driven or is it more about businesses trying to catch up with policy initiatives?**”

Dear Zuzana,

- **Thank you for your questions, which pinpoints the discussion we have as a business community with the EU institutions.**
- **The short answer is: business is very much on board with the shift towards a circular economy.** For example, one of the [latest Flash Eurobarometers](#) interviewed almost 11,000 SMEs and found that almost three quarters of them have taken some action related to the circular economy. This focuses naturally on minimising waste, but also redesigning products to minimise the use of materials and water. Half of companies are investing between 1% and 5% of annual turnover in circularity, with 1 in 20 investing 11% or more.
- Also, while we are talking today, my members are discussing the possibility to set up a ‘Best Practices EU Industry Platform’. The aim is, firstly, to showcase the wide range of actions and industry’s best practices already happening on the ground. Secondly, and that is key, to promote cooperation and replication of best practices between companies in the same sector or between different sectors. We call this “twinning”. But, the more efficient use of resources is also a reality beyond our European borders. That is why we are engaging with our business counterparts from the US, Japan, Canada, etc. to contribute to initiatives such as the G7 Alliance for Resource Efficiency.
- **All of this means that business is *NOT* trying to “catch up” with policy initiatives. Business is doing it because it makes business sense.** What business needs is that EU institutions continue to amplify actions towards “smart policy”. Let me explain briefly what I mean with smart policy, using three concrete examples.
- **Smart policy starts by making the best use of existing legislations.** This is true for instance with the EU waste policy *acquis*. In the waste sector, full



implementation would generate an additional 400,000 jobs with net costs that are €72 billion lower than non-implementation (2012, European Commission). Waste exports are a fact of life. But we have to be sure that when they happen, they are legal. Governments should do more to prevent waste being exported to sub-optimal waste management facilities outside the EU.

- **Smart policy is also about looking at existing barriers.** In many cases the cost of using secondary raw materials is much higher than for primary materials. It means that companies in this business are losing money today, which make their business unsustainable. The use of secondary raw materials could therefore be facilitated, for instance by reviewing current fiscal incentives (e.g. reduced VAT rates for recycled products).
- **Lastly, smart policy is about making sure that it does not create a distortion between public and private operators.** Let me take a very concrete example from the Commission's proposal on the revision of the waste directive. It is good that the Commission introduces that "*the definition of municipal waste in this Directive is neutral with regard to the public or private status of the operator managing the waste*". But why put this provision just in a recital? We need it as well in an article of the directive to ensure a uniform implementation across the EU.
- **To conclude, business is on board with the shift towards more circularity. We are not followers. We are committed to take more actions. For this, we need smart policy.**