



Ibec policy brief

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What will the Circular Economy mean for Irish business?

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In December, the European Commission launched its Circular Economy Strategy.

"Closing the loop- An EU action plan for the Circular Economy" outlines over 30 proposals for legislation, investment and schemes for the following areas:

- Product Design
- Production processes
- Consumption
- Waste Management
- Secondary Raw Materials and Water Reuse
- Plastics
- Food Waste
- Critical Raw Materials
- Construction and Demolition
- Biomass and Bio-based Products

An action plan for innovation, investment and other horizontal measures, as well as monitoring systems for the strategy were also included within the package.

The proposed actions mean that Irish and European businesses will have to reexamine and seek to improve each step of the value chain that they may be involved with, from production to consumption, repair and remanufacturing, waste management and secondary raw materials that are fed back into the economy.

The introduction of this strategy comes after several years of discussions at EU level, to develop a sustainable, low carbon, resource efficient and competitive economy. Last year, the Commission withdrew waste reduction targets, as the approach was deemed to be not comprehensive enough. The old proposal simply set targets to reduce waste output and it didn't take into account the entire circle and what is needed to 'close the loop'.

This strategy helps to stitch several pieces of existing legislation and policy together into one concise document, as well as proposing new actions and aims.

The EU have stated that the introduction of the Strategy will allow for;

- Savings of €600 billion for EU businesses, equivalent to 8% of their annual turnover
- Creation of 580,000 jobs
- Reduction of EU CO2 emissions by 450 million tonnes per year.

The annex to the action plan provides a clear timeframe for implementation of all of the outlined proposals and sets targets for monitoring, review and completion. These targets outline the initial steps of the package for 2016 and 2017.

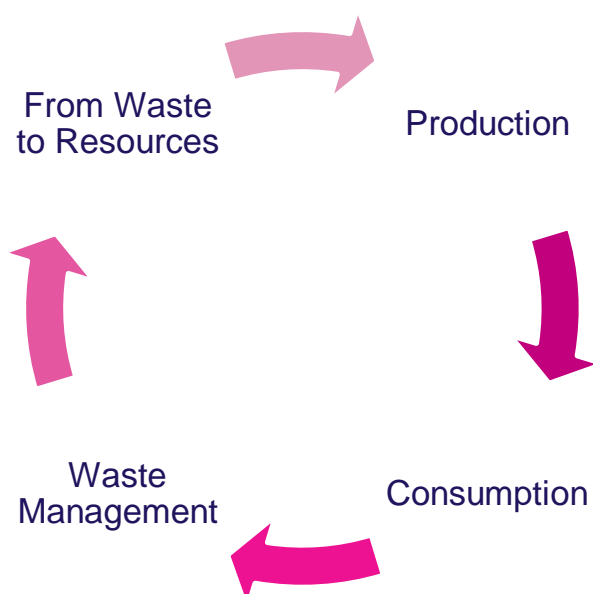
Challenges and opportunities

This action by the Commission seeks to put in place an effective regulatory framework for the development of the Circular Economy in the single market. The transition is an opportunity to generate new and sustainable competitive advantages for Europe, protect businesses against scarcity of resources and volatile commodity prices. It also aims to create new business opportunities and more efficient ways of producing and consuming.

The legislative proposals on waste, adopted together with the Circular Economy Action Plan, include long-term targets to reduce landfilling and to increase preparation for reuse and recycling of key waste streams, such as municipal waste and packaging waste. In addition, measures are proposed to promote economic incentives and improve extended producer responsibility schemes.

These proposals will impact differently on different sectors, with a combination of short and long term actions, priorities and targets. Ibec shares BUSINESSEUROPE's view, namely that

Figure 1.
Circular Economy
Infographic



this renewed approach is a more supportive to business than previous proposals, in that this will be a long term transition. Acceleration of the circular economy entails stronger commitment and a collaborative approach, involving governments, businesses and science as well as consumers and increased value chain cooperation.

Waste Management: A central role in the Circular Economy

The importance of waste management is highlighted within the strategy, as it determines how the EU waste hierarchy is put in to practice. This establishes a priority order from prevention, preparation for reuse, recycling and energy recovery through to disposal, such as landfilling.

Today, only around 40% of the waste produced by EU households is recycled. The new legislative proposals on waste provide a long-term vision for increasing recycling and reducing the landfilling of municipal waste, while taking into account the current variation between Member States.

The revised waste proposals also include recycling targets for packaging materials, which will reinforce municipal targets and improve the management of packaging waste in the commercial and industrial sectors.

Key elements of the revised waste proposal include:

- A common EU target for each member state for recycling 65% of municipal waste by 2030
- A common EU target for each member state for recycling 75% of packaging waste by 2030
- A binding landfill target to reduce landfill to maximum of 10% of all waste by 2030 for each member state
- A ban on landfilling of separately collected waste
- Promotion of economic instruments to discourage landfilling
- Simplified and improved definitions and harmonised calculation methods for recycling rates throughout the EU
- Concrete measures to promote re-use and stimulate industrial symbiosis - turning one industry's by-product into another industry's raw material
- Economic incentives for producers to put greener products on the market and support recovery and recycling schemes (eg for packaging, batteries, electric and electronic equipment, vehicles).

What does this mean for Ireland?

Comprehensive commitments on eco-design, strategic approaches on plastics and chemicals, initiatives to fund innovative projects under the umbrella of the EU's Horizon 2020 research programme are included in the package. Targeted action in areas such as plastics, food

waste, construction, critical raw materials, industrial and mining waste, consumption and public procurement will all have differing impacts on individual sectors of Irish business to varying degrees.

Other legislative proposals on fertilizer use and water reuse will follow later, as the strategy progresses through its implementation programme.

Different member states will transpose these proposals differently. In Ireland, the first consultation has already been launched by the DECLG; *"Exporting a Resource Opportunity? Measures to Maximize Resource Efficiency and Jobs in Ireland."* (<http://www.environ.ie/en/Environment/Waste/PublicConsultations/>)

Minister Alan Kelly stated that he wanted to; *"start a conversation about opportunities for Ireland in dealing with our waste in a more resource efficient way; a way that is good for the environment and good for business."* He highlighted that Ireland is well-placed to play a full part in the negotiation of the package, with this consultation as an example. According to the consultation paper, Ireland has the potential to create thousands of jobs, if opportunities in plastics recycling, bio-waste composting and processing for energy recover. This is the first of a series of consultations that will be published as the proposals are implemented nationally.

Businesses should view these proposals as a unique opportunity to reassess current systems and processes in their value chains, which may result in new advantageous opportunities being identified. Companies who are flexible, proactive and accommodating to these new proposals will outflank their competitors. Particularly, those who react quickly to get these systems in place, ahead of further directives, will fare best.

When considering Ireland's unique profile; a trade intensive country, with an open economy compared to elsewhere in Europe, there is ample opportunity for Irish business to examine their innovative capability and promote new sustainable measures. While there is a potential that new costs will be imposed on business, equally there is potential for new sources of gains.

Ibec services

Ibec will be engaging with both BUSINESSEUROPE and the Irish Government, as legislation and proposals are pushed through. We will also be in consultation with Ibec's business sectors to assist in information sharing, gauging of opinion ahead of key consultations, as well as reduction of impacts during transition to new legislation.

In addition, Ibec have an in-house Green Business service, which can assist your business to become more resource efficient. Anne Murphy, Green Business Executive, works in partnership with the Green Business programme (<http://greenbusiness.ie>), which is a free advisory service to help companies save on water, waste



and energy costs.

Assistance is available in several forms including half-day regional seminars on energy, waste management and water topics detailing practical ways that businesses can save money and improve efficiencies in their business practices. Companies can also apply for free on-site Resource Efficiency Assessments by environmental consultants. For more information contact Anne Murphy (anne.murphy@ibec.ie).

To find out more about the issues in this paper, or to get involved with the Environment Policy Committee, please contact:

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Ibec policy team



Órla Casey, Environment Policy Executive

Órla is the Secretariat to Ibec's Environment Policy Committee, and sits on the Environment Working Group of Business Europe. Órla is also the secretariat of the three working groups under the Environment Policy Committee, including regulatory affairs, water and resource efficiency and works closely with members on environment policy issues.

Órla holds a Masters Degree in Planning and Sustainable Development from University College Cork. Órla most recently worked as a project planner in the UK, on large mixed use schemes.