



# Circular Economy Action Plan (CEAP) 2020 summary for business Implications and next steps

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# Executive summary

**This summary for business of the [European Commission's Circular Economy Action Plan 2020 \(CEAP 2020\)](#) describes key developments and the implications of this landmark publication for businesses. By understanding the policy outcomes intended by the CEAP 2020, business stakeholders can move forward and further shape the circular economy policy dialogue so that it is supportive and effective for businesses.**

The transition to a circular economy represents a fundamental shift in the development of business and economic opportunities.

There is a clear business case to support the circular economy transition as manufacturing firms in the European Union (EU) spend 40% of total costs on materials and processing;<sup>1</sup> and some estimates anticipate cost savings of €600 billion a year and €1.8 trillion more in other economic benefits.<sup>2,3</sup> Circular economy opportunities in the EU alone have the potential to add 700,000 jobs.

The CEAP 2020 aims to accelerate and scale up action to support the circular economy. New circular economy policies will shape future sustainable products, empower consumers, and reduce waste generation, with a particular focus on high-impact sectors such as textiles, construction, and electronics.<sup>4</sup>

Intended positive implications of the CEAP 2020 include legislative actions and supportive measures to incentivize sustainable production and consumer participation, regulatory alignment to link performance to incentives, increased R&D investment, levelized treatment for imported products, and fiscal measures to incentivize circular economy initiatives.

Businesses want to take part in helping shape measures addressed within these circular policies<sup>5</sup> to ensure intended positive outcomes. They also want to ensure they are adequately prepared for future legislation and regulations.

This document, builds upon previous WBCSD-Guidehouse reports on circular economy policy enablers.<sup>6</sup> We present concrete steps for businesses to respond and act upon the legislative and regulatory actions proposed by the CEAP 2020.

## **Key recommendations for businesses in this report include:**

- 1. Coordinate with public affairs colleagues** to conduct an in-depth study of specific directives (proposed and adopted) to determine how the CEAP 2020 and its various elements will affect your business and over what timeline.

- 2. Compare how the CEAP 2020 and associated directives complement or contradict other regional and national policies** for your business and share challenges with the most appropriate stakeholders.

- 3. Develop an action plan** with all relevant departments to ensure compliance with legislation in the future. Engage company leadership to prioritize this effort and make sure they will consider these results in future decision-making.

- 4. Engage with stakeholders,** such as industry associations, NGOs, and public and private sector forums, to initiate a dialogue on how your industry or value chain can work with the public sector to establish constructive, progressive and enforceable measures.

- 5. Share expertise and best practices** showing how your company has achieved compliance with relevant policies with other companies in your value chain, industry and geography.

# 1 The European Union Green Deal and the Circular Economy Action Plan 2020

The European Green Deal strengthens the European Commission's commitment to tackling climate and environmental challenges to achieve a more resource-efficient and competitive economy. The EU Green Deal is integral to the Commission's strategy to implement the United Nations 2030 Agenda and its Sustainable Development Goals (SDGs).<sup>7</sup>

Under its umbrella, the Circular Economy Action Plan 2020 (CEAP) seeks to enhance the EU Green Deal by providing businesses with a trigger to scale up the circular economy.

Ultimately, the Commission seeks to achieve climate neutrality by 2050 by decoupling economic growth from resource use and adding to a competitive, resource-efficient European Union (EU).

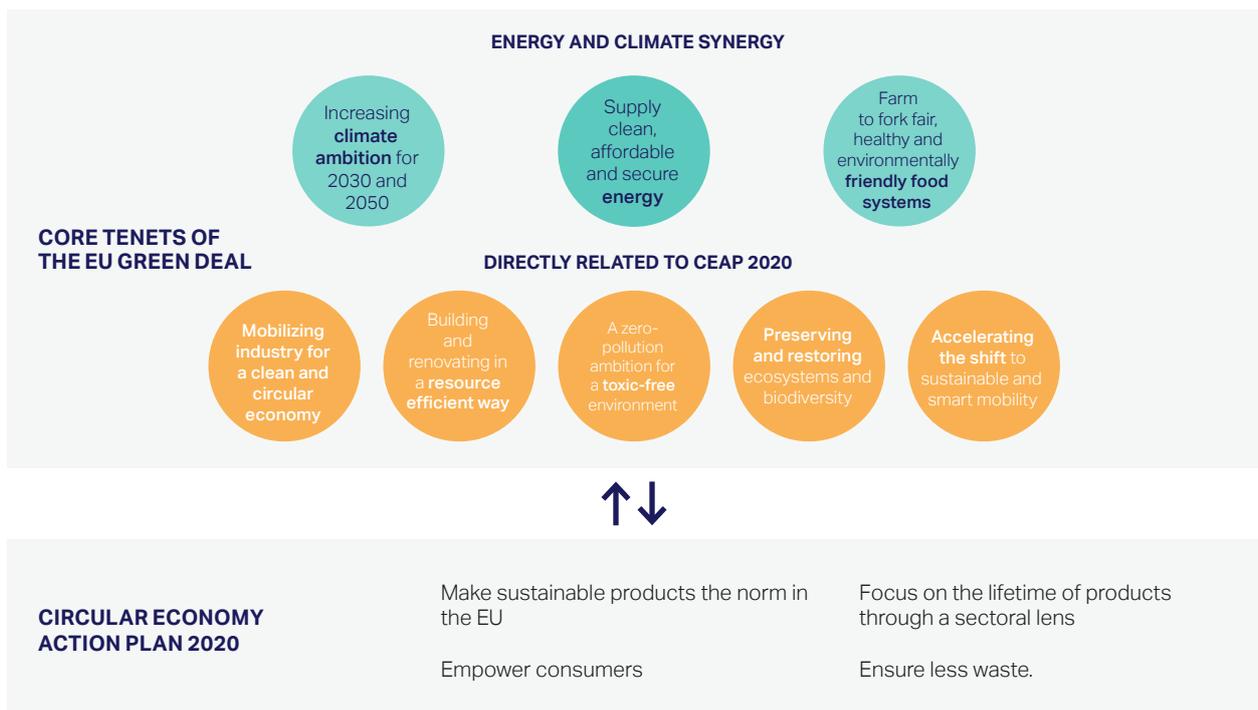
Unlike previous iterations of the Circular Economy Action Plan put forth by the EU, the CEAP 2020 is a cornerstone of the EU Green Deal.<sup>8</sup> Figure 1 illustrates the symbiotic nature of these overarching initiatives and their overlap. The EU Green Deal's major themes include mobilizing industry, promoting resource efficiency, creating a toxic-free environment, and preserving biodiversity, topics expanded upon in the CEAP 2020.

Key to the CEAP 2020 is its established agenda to promote sustainable growth, in alignment with the new EU Green Deal.

The CEAP 2020 focuses on sustainable product design, waste, urban, rural and suburban areas, as well as unlocking support for businesses through cross-cutting actions that serve to enhance the goals of the EU Green Deal.

Together, the EU Green Deal and CEAP 2020 will enable an agenda to achieve a cleaner and more competitive Europe in collaboration with businesses, consumers, citizens and civil society.

**Figure 1:** The Circular Economy Action Plan 2020 as part of the EU Green Deal and mutual synergies



# ② The Circular Economy Action Plan 2020

The CEAP 2020 is a landmark framework borne out of a series of previous versions between 2015 and 2019. Topics covered focus on production processes, waste management and priority areas like plastics and critical raw materials. Furthermore, during the public consultation process, the Commission received the majority of responses (60%) from businesses, which influenced the development of a monitoring framework and deepened work on the EU Strategy for Plastics. This formed the basis for new actions proposed in its refreshed form, the Circular Economy Action Plan 2020.

## The four core themes of the Circular Economy Action Plan 2020 are:

1. Make sustainable products the norm in the EU
2. Empower consumers
3. Focus on the lifetime of products through a sectoral lens
4. Ensure less waste.

The CEAP 2020 is a call to action to create sustainable products, with specific chapters focused on enabling sustainable product policy actions and product value chain actions and encouraging less waste and more customer-centric actions. To emphasize action and accountability, the CEAP 2020 covers pivotal legislation with target implementation dates (see annex).

For example:

- A sustainable product framework that will promote product information transparency. The Commission plans new legislative action regarding “right to repair”, green public procurement, and an all-inclusive recyclable and durable ecolabel criteria.
- A new small and medium-sized enterprise (SME) strategy<sup>9</sup> under the CEAP 2020 that will focus on collaboration fostering partnerships among SMEs through training, advice from the [Enterprise Europe Network \(EEN\)](#), and knowledge transfer via the [European Resource Efficiency Knowledge Centre](#).
- Harmonizing methodologies and data collection to better capture information on microplastics or waste collection systems.

## 2.1 Make sustainable products the norm in the EU

The CEAP 2020 plans to harness and expand several initiatives with the current Ecodesign Directive<sup>10</sup> as its backbone. The European Commission seeks to improve the directive, starting with the EU Ecolabel regulation<sup>11</sup> and the Green Public Procurement (GPP) criteria.<sup>12</sup>

The Commission acknowledges the directive’s limitations as a voluntary approach and its non-standardized methodology. It identifies the Ecodesign Directive as an established framework for the setting of ecodesign requirements for energy-using products and recognizes it for its successful regulation of energy efficiency.

To expand the ecodesign framework, the Commission will be adopting and implementing a new Ecodesign and Energy Labelling Working Plan 2020-2024 for individual product groups. This plan will include a [Product Environmental Footprint \(PEF\)](#) approach, which the Commission has designated as a key existing policy [undergoing consultation](#) under the CEAP 2020. The PEF pushes for product-level transparency for circular and sustainable manufacturing to avoid greenwashing and inconsistent labeling.<sup>13</sup>

The Ecodesign Directive aims to setup mandatory requirements for sustainable services for the batteries and vehicles, construction, services and water using a product environmental footprint<sup>14</sup> approach.

## 2.2 Empower consumers

Consumer participation plays a big role in creating cost-saving opportunities within the circular economy. The European Commission combines regulatory support with target setting to support consumer empowerment, with a strong focus on consumer needs. Legislative action will emphasize transparency and availability of repair services, and set minimum requirements for sustainability labels.

A new “Right to Repair” initiative will improve access to and the availability of sustainable products specifically targeting the information and communication technology (ICT) sector and the electronics industry. This initiative expands upon current sales of goods and contract regulations to help consumers make more informed choices and receive services that consequently improve the lifetime of their belongings.<sup>15</sup> Consumers receive trustworthy and relevant information on products at the point of sale, including on their lifespan and on the availability of repair services, spare parts and repair manuals.

Transparency and the right information downstream to consumers will facilitate demand for more circular products. In order to achieve this, the Commission will make mandatory requirements to substantiate environmental claims using [PEF](#) methods, will harmonize methods under the Sustainable Product Framework with the EU Ecolabel, and will systematize durability, recyclability and recycled content (to ensure consistency) in the [EU Ecolabel Criteria](#).

Lastly, the Commission will propose sectoral legislation for minimum mandatory [Green Public Procurement \(GPP\) criteria](#) and targets related to product reuse, recycling, re-manufacturing and end-of-life. By 2021, the Commission plans to phase in compulsory reporting to monitor the uptake of GPP without creating an unjustified administrative burden for public buyers. (See the annex for more information on dates.) Training and dissemination of good practices and encouraging public buyers to take part in a Public Buyers for Climate and Environment initiative will facilitate exchanges among buyers committed to GPP implementation.

## 2.3 Circularity in sectors: production processes and the value chain

The CEAP 2020 also calls for the system-wide transformation of industrial processes within target sectors to unlock economic value and create important synergies. The action plan builds on important strategies and directives, including the [Industrial Strategy](#),<sup>16</sup> the [SME Strategy](#),<sup>17</sup> and the [Industrial Emissions Directive](#).<sup>18</sup> Creating synergies among these strategies means sharpening the goals and objectives of each framework to achieve climate neutrality and competitiveness, updating green technologies, and targeting circular, bio-based solutions.

To synergize EU industry strategies to fit the needs of the circular economy, the CEAP 2020 identifies seven high-impact sectors:

1. Electronics and ICT
2. Batteries and vehicles
3. Packaging
4. Plastics
5. Textiles
6. Construction and buildings
7. Food and water.

We summarize the important legislative actions outlined in the CEAP 2020 impacting these seven industrial sectors in table 1.

**Table 1: High impact sectors and CEAP 2020 developments**

● Mandatory ● Review ● Aspirational

CEAP 2020 KEY ACTIONS	LEGISLATIVE ACTION
<p><b>OVERARCHING ACTIONS</b></p> <ul style="list-style-type: none"> <li>Promote longer product lifetimes</li> <li>Increase reuse and recycling</li> <li>Promote sustainable labeling and sourcing of raw materials</li> <li>Enhance data collection and harmonization</li> <li>Encourage bio-based material use</li> </ul>	<ul style="list-style-type: none"> <li><b>Mandatory Green Public Procurement (GPP) criteria</b> – targets in sectoral legislation and phasing-in mandatory reporting on <b>GPP by 2021</b></li> <li>Legislative proposal on substantiating <b>green claims by 2020</b></li> <li><b>Review of the Industrial Emissions Directive (including best available technologies – BAT) by 2021</b></li> <li>Proposal for a <b>Global Circular Economy Alliance</b> and initiation of discussions on an <b>international agreement on the management of natural resources by 2021</b></li> </ul>
<p><b>ELECTRONICS AND ICT</b></p> <ul style="list-style-type: none"> <li>Introduce a Circular Electronics Initiative to promote longer product lifetimes</li> <li>Create regulatory measures for electronics and ICT, including mobile phones, tablets and laptops</li> <li>Make priority for “right to repair”</li> <li>Create an EU-wide take back scheme to return or sell back old mobile phones, tablets and chargers<sup>19</sup></li> <li>Review EU guidelines for hazardous substances<sup>20</sup></li> </ul>	<ul style="list-style-type: none"> <li><b>New “Right to Repair” measures by 2021</b></li> <li><b>Review of the directive on the restriction of the use of certain hazardous substances in electrical and electronic equipment</b> and guidance to clarify its links with REACH and Ecodesign requirements by 2021</li> </ul>
<p><b>BATTERIES AND VEHICLES</b></p> <ul style="list-style-type: none"> <li>Create rules on recycled content and measures to improve the collection and recycling rates of all batteries, ensure the recovery of valuable materials and provide guidance to consumers;</li> <li>Address non-rechargeable batteries to phase out their use</li> <li>Create sustainability and transparency requirements for batteries</li> <li>Ensure ethical sourcing of raw materials and security of supply</li> </ul>	<ul style="list-style-type: none"> <li>Proposal for a new regulatory framework for batteries by 2020</li> <li><b>Review of the rules on end-of-life vehicles by 2021<sup>21</sup></b></li> </ul>
<p><b>PACKAGING</b></p> <ul style="list-style-type: none"> <li>Review Directive 94/62/EC<sup>27</sup> to reinforce the mandatory essential requirements for packaging</li> <li>Reduce (over)packaging and packaging waste, including by setting targets and other waste prevention measures</li> <li>Drive design for reuse and recoverability of packaging</li> <li>Reduce the complexity of packaging materials</li> </ul>	<ul style="list-style-type: none"> <li><b>Review to reinforce the essential requirements<sup>22</sup> for packaging and reduce (over)packaging and packaging waste by 2021</b></li> </ul>
<p><b>PLASTICS</b></p> <ul style="list-style-type: none"> <li>Reinforce EU Strategy for Plastics in the Circular Economy<sup>23</sup> by stipulating essential requirements for packaging</li> <li>Ensure sourcing and labelling of bio-based plastics</li> <li>Ensure measuring of released microplastics</li> <li>Study use of biodegradable or compostable plastics</li> <li>Ensure implementation of Single Use Plastic Products Directive<sup>24</sup></li> </ul>	<ul style="list-style-type: none"> <li><b>Mandatory requirements on recycled plastic content and plastic waste reduction measures for key products such as packaging, construction materials and vehicles by 2021/2022</b></li> <li><b>Restriction of intentionally added microplastics and measures on unintentional release of microplastics by 2021</b></li> <li><b>Policy framework for bio-based plastics and biodegradable or compostable plastics by 2021</b></li> <li><b>Tax on non-recycled plastic waste as of 2021</b></li> </ul>

<p><b>TEXTILES</b></p> <ul style="list-style-type: none"> <li>• Empower businesses to choose sustainable textiles</li> <li>• Incentivize and support product-as-service models, circular materials and production processes</li> <li>• Ensure sorting, recycling of textiles</li> </ul>	<ul style="list-style-type: none"> <li>• High levels of separate collection of textile waste by 2025 per Member State</li> <li>• EU Strategy for Textiles 2021<sup>25</sup></li> </ul>
<p><b>CONSTRUCTION AND BUILDINGS</b></p> <ul style="list-style-type: none"> <li>• Use EU building sustainability framework Level(s) to integrate life-cycle assessment (LCAs) in public procurement and the EU sustainable finance framework</li> <li>• Explore the appropriateness of setting carbon reduction targets and the potential of carbon storage</li> <li>• Revise material recovery targets for construction and reduce soil sealing</li> </ul>	<ul style="list-style-type: none"> <li>• Revision of the Construction Product Regulation<sup>26</sup> to integrate life-cycle assessment in public procurement and the EU sustainable finance framework</li> <li>• Strategy for a Sustainable Built Environment by 2021</li> </ul>
<p><b>FOOD AND WATER</b></p> <ul style="list-style-type: none"> <li>• Create an integrated nutrient management plan, with a view to ensuring more sustainable application of nutrients and stimulating the markets for recovered nutrients</li> <li>• Ensure the sustainability of renewable bio-based materials through a <a href="#">Bioeconomy Strategy and Action Plan</a> and <a href="#">the Circular Bioeconomy</a></li> <li>• Reduce food waste as a key action under the forthcoming <a href="#">EU Farm-to-Fork Strategy</a></li> </ul>	<ul style="list-style-type: none"> <li>• Initiative to substitute single-use packaging, tableware and cutlery with reusable products in food services by 2021</li> <li>• Water Reuse Regulation<sup>27</sup> to encourage circular approaches to water reuse in agriculture</li> </ul>

## 2.4 Ensure less waste

The decoupling of waste from economic growth is a vital priority in the mission of the CEAP 2020. The CEAP 2020 will strengthen and renew EU waste laws<sup>28</sup> and the CEAP 2019 proposals.<sup>29</sup> The Commission intends to:

- Revise EU legislation on batteries, packaging<sup>30</sup>, end-of-life vehicles<sup>31</sup> and hazardous substances<sup>32</sup> in electronic equipment
- Introduce waste reduction targets for specific streams in view of revising existing waste legislation<sup>33</sup>

- Enhance extended producer responsibility (EPR) schemes by providing incentives for waste recycling
- Harmonize the various waste collection systems analyzing the density and accessibility of separate collection points, both urban and suburban.

The EU intends to halve the amount of non-recycled municipal waste by 2030, a 2020 target set to focus on non-compliance.

All these EU waste regulation efforts will address demand in the secondary raw materials market and promote standardization of their reuse and recycling. Integral to new waste proposals is integrating circularity to create a toxic-free environment, supporting a safe and healthy secondary raw material market in the EU and addressing waste exports. [The Chemicals Strategy for Sustainability](#) will be an important roadmap of actions to combat toxicity while the Commission considers the revision of current EU waste shipments.<sup>34</sup>

## 3 Implications for business

The CEAP 2020 provides a blueprint to address the business challenges associated with the shift to a more circular economy. Based on public consultation responses<sup>35</sup> and feedback from WBCSD member companies, we highlight several recurring themes in the CEAP 2020 that have cross-cutting implications for businesses in all industries:

- **Incentivizing sustainable production and supporting consumer participation.** Encouraging the proliferation of product-as-a-service or other models where producers keep the ownership of the product or the responsibility for its performance throughout its life cycle. For example, the product environmental footprint (PEF) pilot projects currently under [consultation](#) include service- and retail-focused strategies for businesses.
- **Sustaining a competitive edge while promoting health and labor to the market.** This includes regulatory alignment to allow SMEs to better compete. Governments should reward products based on their different sustainability performance, including by linking high performance levels to incentives.
- **Establishing a fair and international playing field for the circular economy.** Addressing waste exports while encouraging regulatory measures on non-EU products entering the Single Market. It is necessary to prepare and create new strategies to ensure alignment with potential trade regulations and taxation.
- **Optimizing R&D focus and investments.** The CEAP 2020 highlights the need for R&D and stronger investments in both products and technologies to allow companies to innovate in their production processes and achieve more circularity. This includes mobilizing the potential of digitalization of product information and fostering the availability of information on the environmental impacts of products.
- **Fiscal measures to incentivize circular economy initiatives (second-hand trade, repair services) or deter unsustainable behaviors (taxes on pollution and natural resources, rules on corporate financial responsibility and transparency).** These include subsidies such as VAT exemption to improve the competitiveness of recycled materials and the implementation of an EU-wide [one-stop-shop](#) for [EPR](#). Financial incentives underline the importance of guidelines and financial support, especially for SMEs to provide innovative solutions to meet public demand for greener products and services.

### 3.1 Industry-specific impacts

The most relevant industry-specific impacts will occur in the sectors identified by the CEAP

2020 as highly impacted by the circular economy. We summarize key policies associated with this group of industries in section 2.3 and add important

industry-specific impacts to the discussion. Table 2 presents an overview of the sectors and important developments regarding the CEAP 2020.

**Table 2: CEAP 2020 legislation and impacts on five industries**

CEAP 2020 LEGISLATION	INDUSTRY IMPACTS
<b>ELECTRONICS AND ICT</b>	
<ul style="list-style-type: none"> <li>• <b>New “right to repair”</b> measures by 2021</li> <li>• <b>An EU-wide take back</b> scheme to return or sell back old mobile phones, tablets and chargers</li> <li>• <b>EU guidelines</b> for hazardous substances</li> </ul>	<ul style="list-style-type: none"> <li>• “Right to repair” will focus on requirements for manufacturers, not their distributors, retailers or franchisees. Manufacturers will decide how best to deliver parts and information.<sup>36</sup></li> <li>• It will be necessary to <b>redesign</b> IT to support repairs and the processing of wasteful components as part of consumer offering.</li> <li>• It will be necessary to expand product information to include information on the life span of products and where customers can source spare parts.<sup>37</sup></li> <li>• <b>It will be necessary to re-evaluate downstream prices.</b> One main reason that consumers avoid repair is cost. If companies better reflect the costs of products over their lifetime, consumers will buy less and keep products in use longer. For example, battery replacement will be more affordable compared to the price of buying new.<sup>38</sup></li> </ul>
<b>BATTERIES AND VEHICLES</b>	
<ul style="list-style-type: none"> <li>• Proposal for a new regulatory framework for batteries by 2020</li> <li>• Review of the rules on <b>end-of-life vehicles by 2021</b><sup>39</sup></li> </ul>	<ul style="list-style-type: none"> <li>• Platform sharing and digitization will be even more popular, including use of the <a href="#">Business Invest Platform</a> supporting <a href="#">the European Battery Alliance</a>.<sup>40</sup></li> <li>• As the electricity market expands with the climate transition, expected <b>demand</b> for raw materials for <b>batteries will rise sharply</b>, pushing for sustainable sourcing and recyclability of final products.<sup>41</sup></li> <li>• Stakeholder will need to allocate sufficient investment funds for research and development in new projects, similar to the <a href="#">Nordic Green Battery Cell Supply</a> or the <a href="#">E-BUS Battery project</a>.</li> <li>• Car manufacturers will see a need to create a robust market for electric vehicles to meet policy regulations and ensure that 85% to 95% of new vehicles are reusable or recyclable by weight.<sup>42</sup></li> <li>• This must only impact manufacturers of passenger vehicles and small trucks.<sup>43</sup></li> </ul>

## PACKAGING

- Review to reinforce the essential requirements<sup>44</sup> **for packaging and reduce (over)packaging and packaging waste by 2021**
- This will improve and level the playing field for secondary, recycled materials in competition with virgin and fossil-based materials.
- As online sales continue to grow, bans or restrictions will have significant impacts on **packaging producers** and what they can place on the market.<sup>45</sup>
- Driving design for reuse and recyclability requires increased **R&D investments**.
- It is necessary to **mobilize groups of companies** to join in the effort and promote leadership over digital platform services.

## PLASTICS

- Mandatory requirements on **recycled plastic content** and plastic waste reduction measures for key products such as packaging, construction **materials and vehicles by 2021/2022**
- Restrictions on intentionally added microplastics and measures for unintentional release of microplastics by 2021
- Policy framework for **bio-based plastics and biodegradable or compostable plastics by 2021**
- **Tax on non-recycled plastic waste as of 2021**<sup>46</sup>
- **Internal business targets will increasingly cover packaging and weight requirements.** They will cover less virgin plastic in packaging for businesses, target weight reductions to decrease material use in end-product, reduce waste associated with product disposability, and increase the use of post-consumer recycled plastic material (PCR).<sup>47</sup>
- **Added taxes on non-recyclable waste will drive innovative business models**
- Businesses will need to **develop the business case** to improve the profitability of recycling plants and plastic reuse<sup>48</sup> in order to better design new business models and innovate in new sustainable products.

## TEXTILES

- **EU Strategy for Textiles 2021**
- High levels of separate collection of **textile waste by 2025 per Member State**
- **New extended producer responsibility schemes** will drive producers and manufacturers to internalize end-of-life costs in their business models.<sup>49</sup>
- The Commission expects a **strong SME** role to change and implement legislation as more than 90% of the EU workforce is engaged in small businesses.<sup>50</sup>
- Companies will further promote high value-added products to avoid mass production and prevent price hikes.

## CONSTRUCTION AND BUILDINGS

- Using EU building sustainability framework [Level\(s\)](#) to integrate LCAs in public procurement and the [EU sustainable finance framework](#)
- Exploring the appropriateness of setting of carbon reduction targets and the potential of carbon storage
- **Revision of material recovery** targets for construction as well as reductions in soil sealing
- **Industry-wide waste regulations** will impact construction and buildings, which will serve as an important sector for the Commission's goals to address local and regional circular economy policies.
- Businesses serving the built environment will need to **integrate life-cycle assessment** into public procurement and better assess sustainability in product use.
- Business will need to **imbed material recovery targets** into modified business models.
- **Digital solutions** will increase, including a planned Digital Industrial Platform<sup>51</sup> for construction and calculators and tools such as Level(s) to integrate LCAs into public procurement.
- Expect more **cross-border investment** from industry associations in support of including full value chain of products into planning.

## FOOD, WATER AND NUTRIENTS

- |  |  |
|--|--|
| <ul style="list-style-type: none"> <li>• The Integrated Nutrient Management Plan, with a view to ensuring more sustainable application of nutrients and stimulating the markets for recovered nutrients</li> <li>• Ensuring the sustainability of renewable bio-based materials, through the <a href="#">Bioeconomy Strategy and Action Plan</a> and the <a href="#">Circular Bioeconomy</a></li> <li>• Food waste reduction as a key action under the forthcoming <a href="#">EU Farm-to-Fork Strategy</a></li> </ul> | <ul style="list-style-type: none"> <li>• Single-use directives for packaging and plastics will impact this sector's downstream production by decreasing manufacturing and increasing end-of-life treatment.</li> <li>• Legislation will affect farming (agricultural waste into energy),<sup>52</sup> manufacturing<sup>53</sup> (product design, resources) and consumers (transparency and labelling).<sup>54</sup></li> <li>• Business will need to promote cross-sector partnerships to build products with the right expertise, such as turning waste into fertilizer.</li> <li>• The sector will require change management and new missions throughout global supply chains and across multiple regions and countries.<sup>55</sup></li> </ul> |
|--|--|

New legislative measures promised in the CEAP 2020 will strongly impact electronics and ICT, batteries and vehicles, packaging and plastics industries. Rules on recycled content and the recovery of valuable materials include revisions to end-of-life vehicles and promoting circular business models through mandatory recycled content. In line with the Circular Electronics Initiative, the Commission will heavily emphasize the [Right to Repair](#), a 5-year plan to make use of otherwise disposable products and sustain longer lifetimes for electronics and ICT value chains.

The circular economy efforts of downstream retail and consumer-based industries will impact upstream industries such as oil and gas.

For example, the food and beverage, plastics, packaging and electronics industries may substitute fossil-based raw materials with biomaterials to better achieve their circular economy goals.<sup>56</sup> The bio-based sector can address fossil fuel resource demands in the economy. This means substituting fossil resources in the food and beverage industry value chain, as well as the plastics, packaging and electronics industry.<sup>57</sup> Similarly, with the revision of Packaging and Packaging Waste Directive 94/62, the EU plans to address bottlenecks, in particular the limited competitiveness of secondary, recycled materials vis-à-vis fossil, virgin materials and the increasing generation of packaging waste,<sup>58</sup> thereby in effect transforming fossil-based

business-as-usual models within the value chains of these key sectors.

### 3.1.1 Barriers and recommended enablers

Key to understanding how to effectively implement the CEAP 2020 and its roadmap is identifying the barriers and enablers associated with fundamentally transforming the product value chains of each industry or sector. Table 3 outlines these barriers<sup>59,60,61</sup> and provides suggestions for businesses and policy-makers to overcome them and accelerate the circular economy.

**Table 3: Barriers to implementing the circular economy and recommended enablers**

BARRIERS	ENABLERS
<p><b>GETTING THE RIGHT DEMAND</b></p> <ul style="list-style-type: none"> <li>Economic and sector growth makes implementation pressing and essential, however difficult for manufacturers.<sup>62</sup></li> <li>For example, current prices for raw materials used in batteries are providing limited incentive to develop much of the necessary capacity and may not support the development of new capacity.<sup>63</sup> The battery industry must deliver supply growth to meet anticipated demand from the electric vehicle market.</li> </ul>	<p><b>FOSTERING EU CIRCULAR ECONOMY MARKET GROWTH</b></p> <ul style="list-style-type: none"> <li>Businesses could use a strong market signal that would support better demand incentives to use renewable and secondary raw materials.</li> <li>Policy initiatives that consider the negative externalities of virgin materials while monetizing the positive externalities to reduce environmental footprints, i.e., a carbon price or taxation, could support this.<sup>64</sup></li> <li>Governments can support the secondary market through investments in and standardization of high-quality sorting and removing of contaminants from waste.</li> <li>Businesses and governments can work together to combine incentive mechanisms, such as EPR schemes, green public procurement and VAT; the resulting recycled content would tilt value chains towards better material efficiency.</li> </ul>
<p><b>LACK OF UNDERSTANDING OF POTENTIAL IMPLICATIONS OF NEW AND SUBSTANTIVE PRODUCT ENHANCEMENTS/EFFICIENCIES</b></p> <ul style="list-style-type: none"> <li>The assessment and availability of information with respect to environmental impacts and resource use is not yet fully transparent.</li> <li>Disclosure of environmental data by companies and the climate risks associated with downstream production requires substantive change to laws.</li> </ul>	<p><b>BENEFITING FROM GOVERNMENT FINANCIAL SUPPORT</b></p> <ul style="list-style-type: none"> <li>Governments could steer financing towards research and piloting projects similar to the <a href="#">Environmental Footprint Pilots</a> launched by the Commission<sup>65</sup></li> </ul>
<p><b>POLICY AND STAKEHOLDER MISALIGNMENT<sup>66</sup></b></p> <ul style="list-style-type: none"> <li>Focusing different EU product laws to the maximum extent possible without risking unintended trade-offs among economy, society and environment will require greater alignment.</li> <li>It is necessary to finetune each law and regulation towards the needs of stakeholders to promote and enable the circular economy.</li> </ul>	<p><b>CREATING FRAMEWORKS SUPPORTED BY LEGISLATION TO HARMONIZE/ALIGN</b></p> <ul style="list-style-type: none"> <li>Governments can align and consolidate existing regulation to address challenges. The Sustainable Product Policy Framework seeks to set comprehensive requirements to ensure the testing of all products for circularity. Expansion of the Ecodesign Directive and EU Ecolabel instrument are examples of existing initiatives that can support alignment.</li> <li>Focused communication between governments and business can target new legislation based on stakeholder responses, such as imposing circular requirements on products that can differentiate the outcomes of material recycling in terms of preserving material properties.<sup>67</sup></li> </ul>

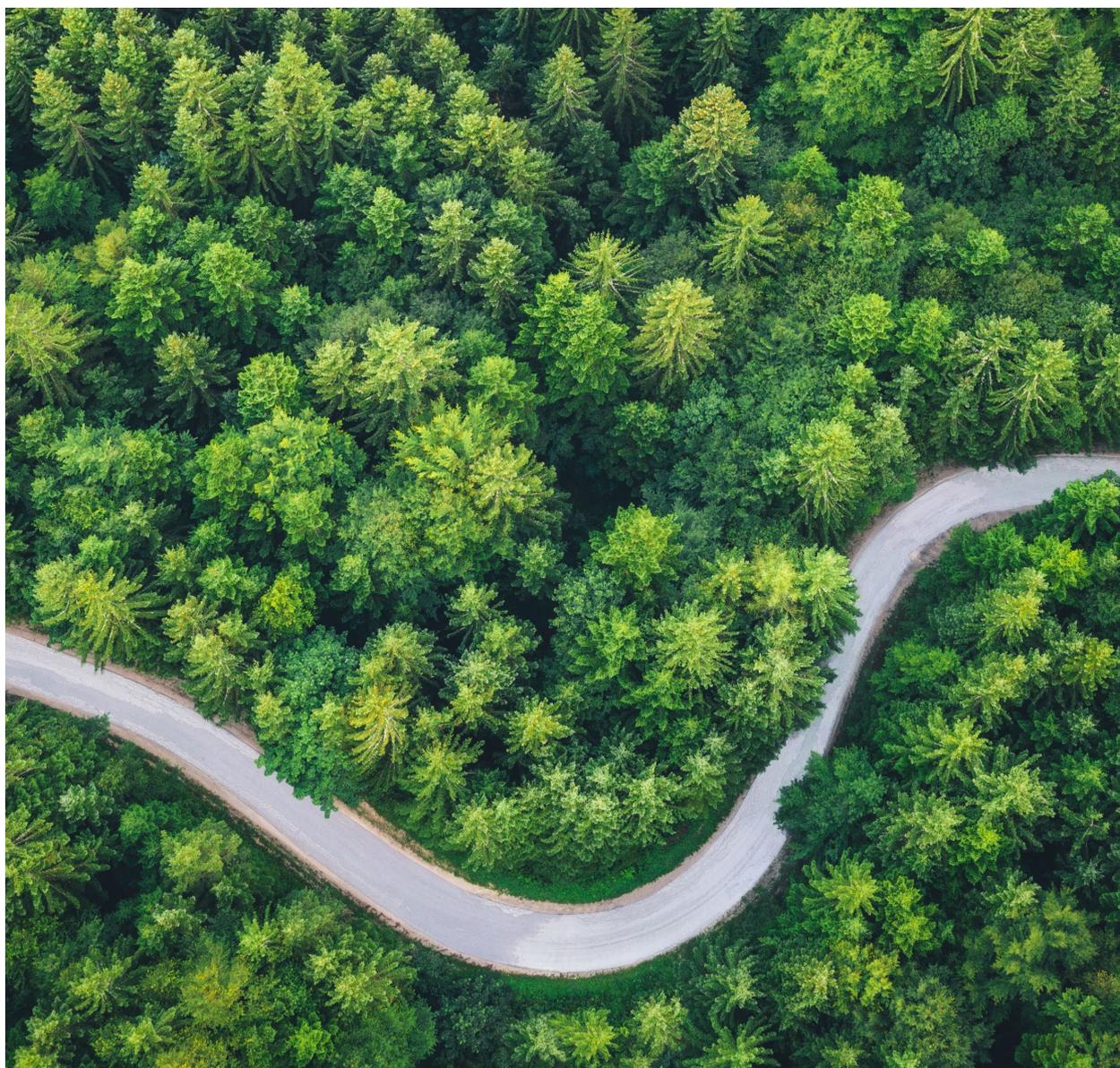
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**COMPLEX LOCAL AND INTERNATIONAL COORDINATION AND COMMITMENT**

- Supporting the shift to a circular economy is complex. It requires leadership for direction, access to information, stronger legislative frameworks, and multilateral coordination at local and global levels.

**ESTABLISHING LOCAL AND GLOBAL ALLIANCES, MEMBERSHIPS AND PUBLIC DIALOGUE**

- Stronger alliances among companies locally and globally can enhance coordination and commitment.
  - Governments can use existing initiatives to promote global leadership, such as building on the European Plastics Strategy to lead efforts at the international level to reach a global agreement on plastics.<sup>68</sup>
  - The EU can step up outreach activities, including through European Green Deal diplomacy and Circular Economy missions, and work with EU Member States to enhance coordination and joint efforts for a global circular economy.
  - Governments can target free trade agreements and ensure they reflect the enhanced objectives of the circular economy.
- 



# ④ Recommendations for the business community

## 4.1 Key actions for businesses

We base our key actions for businesses on a synthesis of the core elements of the CEAP 2020, its industry implications, and the barriers and enablers identified in the previous section. Actions can be from individual business and collective groups (e.g., through industry-wide actions).<sup>69,70</sup> Based on an in-depth policy analysis of the CEAP 2020, we offer the following recommendations for businesses:

- 1. Coordinate with public affairs colleagues** to conduct an in-depth study of specific directives (proposed and adopted) to determine how the CEAP 2020 and its various elements will affect your business and over what timeline.
- 2. Compare how the CEAP 2020 and associated directives complement or contradict other regional and national policies** for your business and share challenges with the most appropriate stakeholders.
- 3. Develop an action plan** with all relevant departments to ensure compliance with legislation in the future. Engage company leadership to prioritize this effort and make sure they will consider these results in future decision-making.
- 4. Engage with stakeholders**, such as industry associations, NGOs and public and private sector forums, to initiate a dialogue on how your industry or value chain can work with the public sector to establish constructive, progressive and enforceable measures.
- 5. Share expertise and best practices** showing how your company has achieved compliance with relevant policies with other companies in your value chain, industry and geography.



# Glossary

## **CEAP**

Circular Economy Action Plan

## **CO<sub>2</sub>**

Carbon dioxide

## **EPR**

Extended producer responsibility

## **ECE**

European Commission

## **EEN**

European Enterprise Network

## **EU**

European Union

## **ICT**

Information and communication technology

## **GHG**

Greenhouse gas emissions

## **GPP**

Green public procurement

## **LCA**

Life-cycle assessment

## **PEF**

Product environmental footprint

## **REACH**

A regulation of the European Union adopted to improve the protection of human health and the environment from the risks that chemicals can pose, while enhancing the competitiveness of the EU chemicals industry.

## **SDGs**

Sustainable Development Goals

## **SME**

Small and medium-sized enterprise

## **WBCSD**

World Business Council for Sustainable Development



## Annex – CEAP 2020 key actions and dates

Businesses should note the following key actions and associated dates highlighted in the Circular Economy Action Plan (CEAP) 2020.

KEY ACTIONS	DATE
<b>A sustainable product policy framework</b>	
Legislative proposal for a sustainable product policy initiative	2021
Legislative proposal empowering consumers in the green transition	2020
Legislative and non-legislative measures establishing a new “right to repair”	2021
Legislative proposal on substantiating green claims	2020
Mandatory green public procurement (GPP) criteria and targets in sector legislation and phasing in mandatory reporting on GPP	as of 2021
Review of the Industrial Emissions Directive, including the integration of circular economy practices in upcoming best available techniques reference documents	as of 2021
Launch of an industry-led industrial symbiosis reporting and certification system	2022
<b>Key product value chains</b>	
Circular Electronics Initiative, common charger solution, and reward systems to return old devices	2020/2021
Review of the directive on the restriction of the use of certain hazardous substances in electrical and electronic equipment and guidance to clarify its links with REACH and Ecodesign requirements	2021
Proposal for a new regulatory framework for batteries	2020
Review of the rules on end-of-life vehicles	2021
Review of the rules on proper treatment of waste oils	2022
Review to reinforce the essential requirements for packaging and reduce (over) packaging and packaging waste	2021
Mandatory requirements on recycled plastic content and plastic waste reduction measures for key products such as packaging, construction materials and vehicles	2021/2022
Restrictions on intentionally added microplastics and measures aimed at unintentional release of microplastics	2021
Policy framework for bio-based plastics and biodegradable or compostable plastics	2021
EU Strategy for Textiles	2021

Strategy for a Sustainable Built Environment	2021
Initiative to substitute single-use packaging, tableware and cutlery with reusable products in food services	2021
<b>Less waste, more value</b>	
Waste reduction targets for specific streams and other waste prevention measures	2022
EU-wide harmonized model for separate collection of waste and labelling to facilitate separate collection	2022
Methodologies to track and minimize the presence of substances of concern in recycled materials and articles made thereof	2021
Harmonized information systems for the presence of substances of concern	2021
Scoping the development of further EU-wide end-of-waste and by-product criteria	2021
Revision of the rules on waste shipments	2021
<b>Making the circular economy work for people, regions and cities</b>	
Supporting the circular economy transition through the Skills Agenda, the forthcoming Action Plan for Social Economy, the Pact for Skills and the European Social Fund Plus	as of 2020
Supporting the circular economy transition through cohesion policy funds, the Just Transition Mechanism and urban initiatives	as of 2020
<b>Cross-cutting actions</b>	
Improving measurement, modeling and policy tools to capture synergies between the circular economy and climate change mitigation and adaptation at EU and national levels	as of 2020
Regulatory framework for the certification of carbon removal	2023
Reflecting circular economy objectives in the revision of the guidelines on state aid in the field of environment and energy	2021
Mainstreaming circular economy objectives in the context of the rules on non-financial reporting and sustainable corporate governance and environmental accounting initiatives	2020/2021
<b>Leading efforts at the global level</b>	
Leading efforts to reach a global agreement on plastics	as of 2020
Proposing a Global Circular Economy Alliance and initiating discussions on an international agreement on the management of natural resources	as of 2021
Mainstreaming circular economy objectives in free trade agreements, in other bilateral, regional and multilateral processes and agreements, and in EU external policy funding instruments	as of 2020
<b>Monitoring progress</b>	
Updating the Circular Economy Monitoring Framework to reflect new policy priorities and develop further indicators on resource use, including consumption and material footprints	2021

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- <sup>68</sup> The Commission will propose a [Global Circular Economy Alliance](#) to identify knowledge and governance gaps in advancing a global circular economy and take forward partnership initiatives, including with major economies
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## FACTOR10

Factor10 is WBCSD's Circular Economy project. We bring companies together to reinvent how business finds, uses and disposes of the materials that make up global trade. By collaborating on solutions that go beyond business as usual, Factor10 will deliver high-impact, large-scale results where companies use resources wisely, implement processes that create the greatest possible value, and nothing is wasted.

## ABOUT WBCSD

WBCSD is a global, CEO-led organization of over 200 leading businesses working together to accelerate the transition to a sustainable world. We help make our member companies more successful and sustainable by focusing on the maximum positive impact for shareholders, the environment and societies. Our member companies come from all business sectors and all major economies, representing a combined revenue of more than USD \$8.5 trillion and 19 million employees. Our global network of almost 70 national business councils gives our members unparalleled reach across the globe. Since 1995, WBCSD has been uniquely positioned to work with member companies along and across value chains to deliver impactful business solutions to the most challenging sustainability issues. Together, we are the leading voice of business for sustainability: united by our vision of a world where more than 9 billion people are all living well and within the boundaries of our planet, by 2050.

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