



# valori INTERNATIONAL

Magazine of social economy, ethical finance and critical shareholders

## **ethical finance**

OECD LASHING OUT  
AT TAX EVADERS  
BUT NOT TOO HARD

## **critical shareholders**

NEW EXPERIENCES  
FLOURISH  
IN EUROPE

## **new economy**

GREEN ENERGY  
INVESTORS LOVE  
STEADINESS

International disinvestment campaigns are speeding up the death of fossil fuels. Those who have kept investing in this area have suffered huge losses. And stranded assets increase

# Bye-bye, oil

# Circular economy All against Juncker

by Emanuele Isonio  
and Nicoletta Labarile

This reportage has been made in cooperation with the students of the European project BEJOUR (*Becoming a journalist in Europe*) of Rome's La Sapienza University, of which quale Valori is a media partner.

## The EU Parliament ready to ask for major changes in the draft directive that the President of the EU Commission wanted to have by the end of 2015. The goal? Reducing waste and increasing use of recycled materials

**S**peaking of a head-on fight between the European Commission and the European Parliament might be going too far, but in the new few months the two institutions will definitely be fighting over circular economy. The official step is expected to be taken soon when the rapporteur for the new set of rules that are being reviewed by the Environment Committee of the European Parliament, the Italian Social Democrat Simona Bonafè, will pass her opinions about Claude Juncker's original text. It will speak volumes about the position the Strasbourg assembly will want to take in autumn, when negotiations with the EU Commission will be resumed. Bonafè's first statements at a hearing with the Environment and Pub-

lic Works Committee of the Italian Senate are indicative of the direction her proposals to the other MEPs will go. In other words: we want more courage, more vision. "Too weak is the text" that president Juncker submitted to the European Parliament by the end of 2015. "The weak link – Bonafè explains to the members of the Italian senate – lies in the initiatives to prevent any pointless use of waste. It says too little about waste upstream of the chain, except a few general, non-binding measures. It does not lay down anything about food waste, and even the part about secondary raw materials is lacking".

Bonafè gave a foretaste of some of the corrections that the European Parliament will most likely want the EU Commission and the EU Council to

## EEA: 340 TO 630 BILLION ADVANTAGES A YEAR FOR COMPANIES

**Innovative manufacturing techniques**, new design and consumption models, revision of the companies' business strategies, new approaches to the problem of waste. These are the criteria the future actions of the business and political world will have to be built upon, in the attempt to achieve the most ambitious goals offered by circular economy. These suggestions are contained in the 42 pages of *Circular economy in Europe - Developing the knowledge base*, a report drawn up by the European Environmental Agency (Eea), the first in a series of documents that the Copenhagen-based European Agency is planning to publish in the next few years to explain the potentials of circular transition, not only to European politicians and national decision-makers, but also to those who work in production, finance and society.

The report explains the potential benefits that could be provided by the new model. The environmental advantage is undeniable: EEA

reckons that 48% of greenhouse gases may be removed by 2030 and 83% by mid-century. The same goes for the economy: "for manufacturing companies, the net cost-saving – the report explains – could range from EUR 340 to 630 billion per year in the EU alone, roughly 12-23% of current material input costs in these sectors. For certain consumer goods – food, beverages, textiles and packaging – a global potential of USD 700 billion per year in material savings is estimated, that is, about 20% of their material input costs. Moreover, the net benefit per year for the companies of the 27 member states (Croatia, the latest arrival, has been left out of such calculations) that use circular economy-based measures will range between EUR 245 billion and EUR 604, an average of 3-8% of annual turnover.

But, as for any transition, it is not all a bed of roses. EEA's survey also lists a number of risks involved in the shift from linear to circular economy: tensions might for instance arise between the manufacturing industries and the loss of jobs in more traditional industries. [Ida Savoca e Giulia Vaccaro]

## A COMPARISON BETWEEN THE TWO DIRECTIVES

SOURCE: EEB – EUROPEAN ENVIRONMENTAL BUREAU.

What	2014 proposal	2015 proposal
Target recycle of urban waste	70% by 2030	65% by 2030 Estonia, Greece, Croatia, Latvia, Malta, Romania and Slovakia may ask for a 5-year extension.
Target recycle of packaging	80% by 2030	75% by 2030
Approximate target reduction in food waste	30% less food in the dustbin in 2025 than in 2017	No targets, just a proposal for harmonising the calculation methods and a reference to the UN Sustainable Development Goals
Targets for landfills	No more than 5% of household non-hazardous may be disposed of in a landfill by 2030 (approximate). Recyclable or compostable waste may never be disposed of in a landfill	No more than 10% of household non-hazardous may be disposed of in a landfill by 2030, including recyclable or compostable waste (binding requirement)
Separate collection of organic fraction	Compulsory everywhere by 2025	To be organised everywhere by 2025 if technically, economically and environmentally viable
Prevention of planned obsolescence	No mention	A set of independent tests planned as from 2018 (as part of a non-binding set of measures)
Efficient use of resources (making the same products using less materials)	Approximately 30%, based on consumption of raw materials	No mention of this target, which the package had been built on
Focus on reducing resources in the eco-design directive	There is, even if with no timeline	There is, with an approximate timeline
Recycling standards	Not available	Development of quality standards for secondary raw materials, but as part of a non-binding set of measures

make: bringing the target recycling of urban solid waste back to 70% and that of packaging to 75% by 2030. "Compulsory collection of organic waste, of which Italy has some fine examples, will also be dealt with". "Minimum requirements for producers' extended responsibility" and "rewards for those who produce with green materials or encourage recycling" will also be planned. As to funding, Bonafè says her proposal "will include specific subsidies as part of Horizon 2020".

### SHY CLAUDE (THE LOBBIES' FRIEND)

If this is not like saying he is going to make a U-turn, well, it comes very close to it. Actually, the proposal submitted in December by the president of the EU Commission, Juncker, that had replaced the one drawn up by his predecessor Barroso, had sounded too shy to many parties, not just to environmentalists but even to the most innovative industries. Comparing the two texts is actually a ruthless exercise (see TABLE): the target recycling of urban waste has dropped from Barroso's 70% to 65%, with five-year extensions for some Central European and Baltic countries (Estonia, Greece, Croatia, Latvia, Malta, Romania and Slovakia). The targets for waste disposal in landfills have been downsized: Juncker's proposal let 10% household waste be dumped there, including recyclable and compostable waste (left out by Barroso who how-

ever had set forth a lower limit, 5%). And the requirement for separate collection of organic waste by 2025 became conditional on "evidence that it was technically and economically sustainable". Many parties construed such relaxation as bowing to the incinerators' lobbies, which try to have the part of energy that comes from the combustion of the organic fraction of waste rated as "renewable" and that have always challenged the spreading of door-to-door collection of organic waste, as it would subtract materials from combustion and allocate them to the production of bio-methane and compost.

Then, Juncker's proposals did not contain any specific measure on the removal of toxic substances from products and any rule on an efficient use of resources, while Barroso's package established a 30% reduction in the use of raw materials in manufacturing. The decision to write off the target reduction of food waste (apart from a general "proposal for harmonising the calculation methods") is also very controversial, as the 2014's proposal tried to reduce it by 30% of the 2017's rate by 2025. The only things that buck the trend are some initiatives against planned obsolescence (products that are programmed by manufacturers to break down after a given time, so people have to replace them) and in support of eco-design. Clearly, too little to powerfully boost the transition to a lower-impact economic and industrial lifestyle. \*