

MAKING THE EU FIT FOR THE FUTURE:

What the German environmental associations want from the European Green Deal



CIRCULAR ECONOMY AND DIGITALISATION

THE TRANSFORMATION OF THE ECONOMY AND DIGITALISATION MUST BE GUIDED BY A FOCUS ON THE COMMON GOOD

The European Commission sees the European Green Deal (EGD), presented in December 2019, as a new growth strategy to help achieve the transition to a resource-efficient, competitive and sustainable economy. In the current Corona crisis, in addition to the already noticeable impacts of the combined climate and biodiversity crisis, the vulnerability of our economic, health and social model is becoming clearer than ever before. The political response must be to make our economic system more resilient. The pathway out of the combined health and economic crisis must remain within the planetary boundaries and must be guided by European and international solidarity. Although the EGD does not yet go far enough in many areas, it offers promising opportunities to help the European economy get back on its feet after the pandemic and at the same time to make the EU more resilient and sustainable.





THE TRANSFORMATION OF THE ECONOMY AND DIGITALISATION MUST BE GUIDED BY A FOCUS ON THE COMMON GOOD

The impact of global resource consumption is considerable: in its Communication on the European Green Deal, the EU Commission states that „about half of total greenhouse gas emissions and more than 90% of biodiversity loss and water stress come from resource extraction and processing of materials, fuels and food“.¹ The EU is consuming more than its fair share of global resources in this process. It uses almost 20 percent of the Earth’s biocapacity, although it comprises only 7 percent of the world’s population.²

The European Green Deal also states that digitalisation should contribute to a sustainable energy, transport, agricultural and resource transition and make a concrete contribution to achieving climate neutrality in the EU by 2050. The signatory organisations welcome the fact that the EU Commission seeks to explicitly promote the issue of sustainability and digitalisation. However, environmental and climate protection have so far been insufficiently integrated into the legislative plans for digitalisation and can only be found in the form of largely voluntary commitments and measures. For example, the negative net effect of ongoing digitalisation in terms of electricity and resource consumption must be considered. The full ecological potential can only be tapped with the help of an appropriate regulatory framework and clear guidelines. This means that the approach must not be one-sidedly aimed at promoting an economic and growth policy agenda. Instead, the guiding principle should be that of **digital sufficiency**: promoting digitalisation only where it contributes to social-ecological transformation and regulating it where it conflicts with sustainability goals.

THE CIRCULAR ECONOMY ACTION PLAN

With its Action Plan of March 2020, the European Commission seeks to make the European economy „fit for a green future“. The signatory organisations welcome the aim of making sustainable products „the norm“ - durable, repairable, recyclable and made from recycled materials.

The signatory organisations call for:

A SUSTAINABLE PRODUCT POLICY

- ▶ A comprehensive **sustainable product policy**, with binding standards and a new **product information system**, must promote a clean circular economy in which non-polluting products are re-used, repaired, upgraded, and recycled, and information about them is readily available.
- ▶ Binding **minimum content quotas for recycled material** in the manufacture of products and packaging must be introduced to build up the market for recycled materials. To this end, the signatory associations propose an

¹ European Commission (2019): The European Green Deal.

URL: https://ec.europa.eu/info/publications/communication-european-green-deal_en

² WWF EU (2019): EU Overshoot Day: Living Beyond Nature’s Limits.

URL: https://www.wwf.de/fileadmin/fm-wwf/Publikationen-PDF/WWF_EU-Overshoot-Day_Report_2019.pdf

overall quota of 20 percent by 2025, and a further increase of five percentage points by 2030, and call on the EU Commission to draw up quotas for specific groups of materials.

- ▶ In order to make secondary raw materials competitive, measures to make the use of primary raw materials more expensive must be drawn up by the European Commission.
- ▶ Manufacturers must be obliged, through a **right to repair**, to make products repairable and to make spare parts, software updates and repair instructions available to repair companies, community repair initiatives and consumers, at least for a fixed period of time.
- ▶ The Communication on **empowering the consumer for the green transition** announced for Q2 2021 must enable consumers to obtain relevant information on products, including their service life and the availability and price of spare parts and repair manuals. A **repairability index** for products available in the Single Market should provide this information.
- ▶ In general, information for consumers should be improved, for example by the provision of information on product footprint, in order to protect consumers from greenwashing and premature obsolescence.
- ▶ The public sector has an immense influence on the market and offers enormous potential for waste prevention and climate protection. Elements of a circular economy such as the purchase of used and repairable products and the use of secondary raw materials and recycled materials must become minimum criteria for **public procurement** in order to significantly increase the demand for recycled products, reusable packaging and the use of recycled materials.
- ▶ **Extended producer responsibility** systems should be used widely. Instruments previously applied in this connection should be supplemented by measures at the start of the product lifecycle, such as Design for Recycling.

KEY PRODUCT VALUE CHAINS

- ▶ The potential for resource savings in **information and communication technologies** through eco-design and energy labelling requirements should be exploited and weak voluntary agreements replaced.
- ▶ The forthcoming **strategy for textiles** must include binding requirements on design, labelling and producer responsibility and must complement the plastics strategy. Re-use and recycling targets for textiles should be made binding.
- ▶ In line with the Council conclusions of November 2019 on oceans and seas and the Commission's March 2020 Circular Economy Action Plan, strong support is needed from EU Member States for a UN negotiating mandate for a **convention on plastic waste in the seas**. Germany and the EU should be encouraged to do everything in their power, together with partner states on all continents, to work for a resolution to this effect at the United Nations Environment Assembly (UNEA5, currently scheduled for February 2021).
- ▶ When assessing **construction products** and projects, the entire life cycle must be taken into account. Accordingly, the recyclability of products and materials in the construction sector must be recognised as a central element. Public procurement tenders must provide incentives for the use of secondary construction materials.
- ▶ The Commission's plans to reduce **packaging waste** through prevention measures and to promote packaging design for re-use and recycling are welcome. In this context, waste-preventing re-use systems should be specifically promoted by setting binding re-use quotas.

WASTE PREVENTION

- ▶ The implementation of the new Circular Economy Action Plan must be consistent with the Council conclusions of 2019. This requires an **overarching binding target for the absolute reduction of resource consumption** as well as binding **waste prevention** targets for different waste streams such as packaging. The EU Commission's intention to halve municipal waste by 2030 should be reviewed against interim targets.
- ▶ The EU's planned **plastic tax** on non-recycled plastic packaging waste from 2021 should be designed so as to provide real incentives for waste prevention and recycling. To this end, the EU Member States should not place the incentive at the end of the plastics life cycle but should make the manufacturers and marketers of material-intensive and non-recyclable packaging material responsible from the outset. At the same time, Member States must agree on clear definitions and measurement criteria for packaging waste. Artificially dressing up the recycling content of packaging waste to make it acceptable must be prevented.

THE CIRCULAR ECONOMY AND CLIMATE PROTECTION

- ▶ Resource conservation and climate protection must be addressed together. The great CO₂ reduction potential of the circular economy must be linked more closely with European climate policy, for example by systematically recording **carbon footprints** for the value chains of products and materials on the European market and including **waste incineration plants** in the CO₂ allowances trading system.

BATTERIES

The EU Commission has also announced new **legislation on batteries** to support the Strategic Action Plan on Batteries and the Circular Economy Action Plan. The new Batteries Directive offers the opportunity for Europe to become a leader in the sustainable production of batteries for electric vehicles. This will require exacting standards - which must also apply to industrial and household appliance batteries - to ensure that raw materials are obtained from ethical and sustainable sources and recycled in an environmentally sound way. This will also create new jobs all along the battery value chain in Europe.

The signatory associations call for the following:

- ▶ The proposed legislation must significantly improve the overall environmental performance of batteries in order to reduce their environmental footprint. This will require the introduction of a **mechanism to measure and reduce the carbon footprint of battery cell production**, ensuring that batteries follow eco-design standards, are durable and can be easily disassembled, repaired, reused and recycled. It is also important to set stringent requirements for battery energy efficiency.
- ▶ In terms of **recycling**, the Batteries Directive should require that over 90% of the total cobalt, lithium and nickel content in batteries is recovered at the end of their service life. This will enable European producers to become world leaders in the global circular economy.
- ▶ In order to ensure that all battery metals are sourced in a responsible manner, the **OECD Due Diligence** Guidance should be made mandatory for all importers and producers of batteries on the EU market.
- ▶ The collection of batteries must also urgently be extended and improved.

INDUSTRIAL STRATEGY

The **EU Industrial Strategy** published in March 2020 aims to transform the EU economy to a fully resource-efficient and climate-neutral industry and a true circular economy by 2050. It includes measures to decarbonise energy-intensive industries such as steel, cement and chemicals and to strengthen Europe's industrial and strategic autonomy by securing the supply of crucial raw materials and pharmaceuticals. In addition, there are plans for alliances for clean hydrogen, for low-emission industries and for industrial clouds, platforms and raw materials.

The signatory associations call for:

- ▶ The introduction and funding of instruments for **the conversion of the entire raw materials and energy supply** and of the existing industrial plants to climate-neutral processes. The conversion must be accompanied by policies promoting sufficiency.
- ▶ The targeted **allocation of financial resources** through EU innovation funds, product-related **climate taxes** and **Carbon Contracts for Difference** to enable the necessary investments for the transformation to a climate-neutral industry.
- ▶ Clear and binding stipulations on Sustainable Procurement, as well as quotas, norms and standards, in order to drive up the demand for low-emission and resource-efficient products.
- ▶ Ensuring that the review of the Industrial Emissions Directive (IED) and the revisions to the **Best Available Techniques** reference documents (BREFs) fully integrate the objectives of a circular economy, climate protection and zero pollution.
- ▶ The industrial policy measures must be accompanied by a robust "**Just Transition Mechanism**".
- ▶ The **climate partnerships** for the realisation of ambitious climate targets must promote industrial transformation both here and elsewhere.

From 2020 onwards, the European Commission has announced **initiatives to promote lead markets for climate-neutral and circular economy products in energy-intensive industries, proposals for legal reforms in the waste management sector** and a **proposal to support CO₂-free steel production by 2030**.

The signatory associations call for:

- ▶ The **export** of difficult-to-recycle waste to non-EU countries must be prohibited. The cross-border transport of waste within the EU must be more strictly controlled in order to prevent improper disposal.

DIGITALISATION STRATEGY

The digitalisation strategy on shaping Europe's digital future, published in February 2020, includes environmental aspects as well as projects to develop digital infrastructures, support for digital companies and consumer protection. The signatory organisations welcome the aim to reduce the environmental footprint of the Information and Communication Technology (ICT) sector by 2030 through energy-efficient, climate-neutral data centres powered by renewable energy.

- ▶ In order for the ecological improvement potential to be fully exploited, the technology sector must be required to adopt **sustainable product design**, which encompasses electricity consumption, durability, reparability, recyclability, data protection requirements and compliance with human rights along the supply chain. This applies not only to electronic devices, but also to software, which must be capable of being used and repaired independently, as is often already the case with open source software.
- ▶ Since an increasing number of digital applications are very energy-intensive, both in development and in use, the infrastructure behind them must become more resource-efficient. The great potential for reducing the power requirements of data centres has not yet been fully exploited, and efficiency measures are not being implemented to a sufficient extent. **A minimum efficiency level** must therefore be laid down by law and the establishment of **modular data centres** must be supported. It should be obligatory for **waste heat utilisation** to be taken into account whenever location decisions are made for new data centres. In addition, it is crucial that the enormous electricity requirements are primarily covered by renewable energies. The resources used in the manufacture of data centres, such as rare earth metals and copper, must also be taken into account; environmental and human rights standards for the supply chain as well as minimum standards for recycling are needed.
- ▶ In order to enable sustainable consumption decisions, especially by major users in business and in public procurement, the **carbon footprint per service and transmission unit** must be indicated.
- ▶ The **public procurement system** must provide clear guidance on the use of resource-efficient digital technologies. Tendering and procurement rules should be designed to favour open source software as well as devices with open interfaces and modular design. Open standards must be made mandatory for all public services.
- ▶ Digitalisation must be guided by the **precautionary principle** in order to meet the legal requirements for the protection of people and the environment. A "Think Sustainability First" principle must apply. Implementing the precautionary principle will require a participatory process of technology assessment.
- ▶ With the advancing digitalisation of all areas of life, the responsibility of the government is increasing. **The state's responsibility for ensuring essential public services** must therefore be extended to include IT infrastructures in areas of considerable social importance.
- ▶ Digital companies and start-ups with a **social or environmental** focus should be given greater economic support. The aim of all business support must be to promote products and services that contribute to overcoming social and/or environmental challenges and to achieving the EU's objectives in this area, in particular those that are binding under international law.
- ▶ **Software liability legislation** is needed so that software producers bear the responsibility for the risks arising from security breaches rather than compromising the quality of their software for the sake of profit. IT security is the foundation of a sustainable digital society.
- ▶ **EU competition law** must be adapted to accommodate digital business models in order to limit the increasing concentration of power in the hands of a few companies. Current market concentrations in the digital economy lead to inefficiencies, dependencies and resistance to innovation. Open Data is desirable for the development of open source applications, but large companies with major computing power and storage capacities use it disproportionately more than other users. For this reason, an Open Data policy is needed to prevent large companies from gaining too much power. Existing **monopolies** enjoyed by operators of commercial platforms must be broken up, for example by introducing a compulsory defined interface for exchanges between social media services.

ARTIFICIAL INTELLIGENCE

With the White Paper on Artificial Intelligence, published in February 2020, the European Commission aims to strengthen the EU's leadership position in digital technologies and at the same time to promote public confidence in AI applications. The White Paper does not take sufficient account of environmental and climate concerns. A sustainability perspective is only implied, but it falls far short of what is needed.

- ▶ Data is a key resource, and is important for achieving the goals of the Green New Deal. Large quantities of data are needed for the development of AI applications, such as machine learning. It is often the bigger tech companies which are able to collect large quantities of data by offering digital services and networked devices. In order to reduce the significant information gap between public authorities and private providers, the data collected must be made available for the widest possible use. Data should be used to achieve sustainability goals such as combating anthropogenic climate change, a circular economy, the zero-pollution ambition and the protection of biodiversity, and to ensure compliance with regulations. **Open Data** can create alternatives to the trend towards concentration in a few tech companies, but there is also a risk that the trend towards concentration will be intensified. This is where careful and judicious management is required.
- ▶ The elaboration of **ethical principles** based on sustainability for the use and development of AI must be taken forward. It is essential that they make a constructive contribution to tackling environmental and climate challenges. This involves both existing and new technologies. In addition, it is an important task of government to regulate for the establishment of data requirements for the development of AI applications. These must be aligned with the ethical principles, must counteract digital discrimination and security risks and must comply with the principles of the EU General Data Protection Regulation (GDPR).

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This paper is one of a series of position papers on selected key aspects of the Green Deal. For papers on other topics, please see our homepage www.dnr.de.

