The European Green Deal

Challenges and Opportunities for the Construction Chemicals Industry

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Through a communication to the European Parliament, the European Council , the European Economic and Social Committee and the Committee of the Regions on the 19th of December 2019, the European Commission set out a European Green Deal for the European Union and its citizens (**COM(2019) 640 final**). It resets the Commission's strategy to tackling climate and related environmental challenges.

It is a new **growth strategy** that aims to transform the EU into a fair and prosperous society, with a modern, resource-efficient and competitive economy where there are **no net emissions of greenhouse gases in 2050** and where **economic growth is decoupled from resource use**. It also aims to protect, conserve and enhance the EU's natural capital, and protect the health and well-being of citizens from environment-related risks and impacts.

This Communication presents an initial **roadmap** of the key policies and measures needed to achieve the European Green Deal. It will be updated as needs evolve and the policy responses are formulated.

The Green Deal is an integral part of this Commission's strategy to implement the United Nation's 2030 Agenda and the UN Sustainable Development Goals.

Figure 1 illustrates the various elements of the Green Deal.

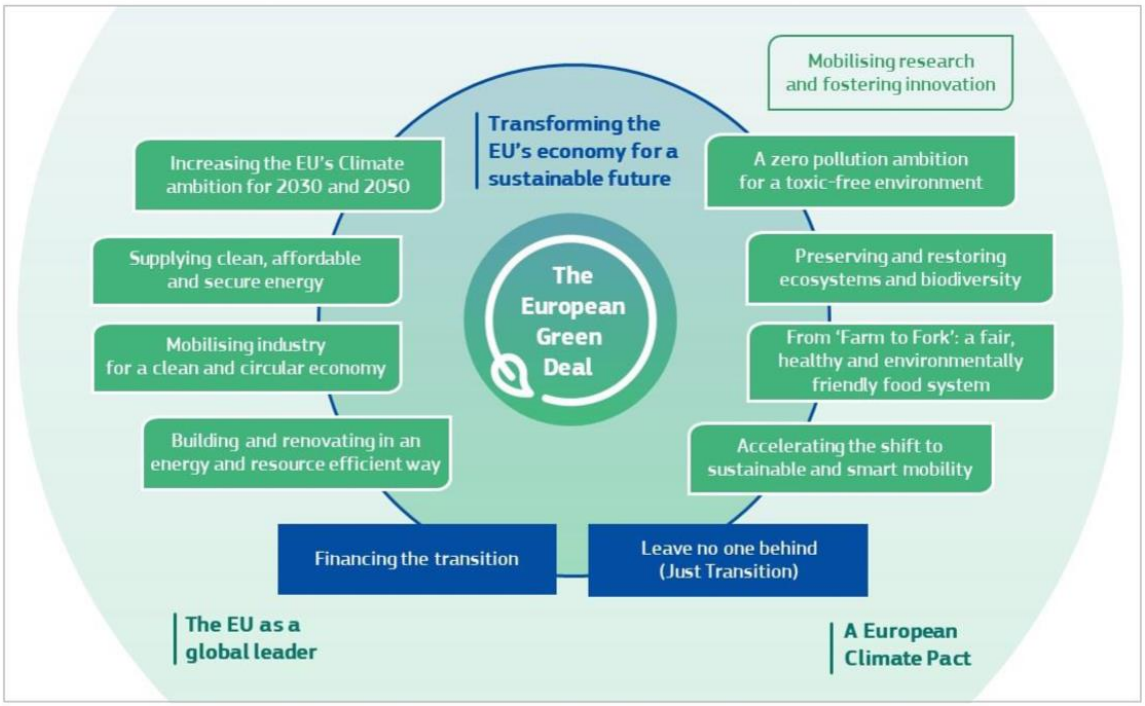

Figure 1: The European Green Deal

Most elements are either directly or indirectly relevant for the Construction (Chemicals) Industry, notably "**'Building and renovating in an energy and resource efficient way**", next to "**'Mobilising industry to a clean and circular economy**" and a "**Zero pollution ambition for a toxic-free environment**".

The Commission has already set out a clear vision of how to achieve **climate neutrality by 2050**. This vision should form the basis for **the long-term strategy that the EU will submit** to the United Nations Framework Convention on Climate Change in early 2020. To set out clearly the conditions for an effective and fair transition, to provide predictability for investors, and to ensure that the transition is irreversible, the Commission will propose the first European **'Climate Law'** by March 2020.

Achieving a climate neutral and circular economy requires **the full mobilisation of industry**. It takes 25 years – a generation – to transform an industrial sector and all the value chains. To be ready in 2050, decisions and actions need to be taken in the next five years.

The EU's industry has started the shift, but still accounts for 20% of the EU's greenhouse gas emissions. It remains too 'linear', and dependent on a throughput of new materials extracted, traded and processed into goods, and finally disposed of as waste or emissions. Only 12% of the materials it uses come from recycling. The transition is **an opportunity** to expand sustainable and job-intensive economic activity. There is significant potential in global markets for low-emission technologies, sustainable products and services. Likewise, the circular economy offers great potential for new activities and jobs.

In **March 2020**, the Commission will adopt **an EU industrial strategy** to address the twin challenge of **the green and the digital transformation**. Europe must leverage the potential of the digital transformation, which is a key enabler for reaching the Green Deal objectives. Together with the industrial strategy, ***a new circular economy action plan*** will help modernise the EU's economy and draw benefit from the opportunities of the circular economy domestically and globally. A key aim of the new policy framework will be to stimulate the development of lead markets for climate neutral and circular products, in the EU and beyond. Energy-intensive industries, such as steel, chemicals and cement, are indispensable to Europe's economy, as they supply several key value chains. The decarbonisation and modernisation of this sector is essential.

The **circular economy action plan** will include **a 'sustainable products' policy** to support the circular design of all products based on a common methodology and principles. It will prioritise reducing and reusing materials before recycling them. It will foster new business models and **set minimum requirements** to prevent environmentally harmful products from being placed on the EU market. Extended producer responsibility will also be strengthened. While **the circular economy action plan** will guide the transition of all sectors, **action will focus in particular on resource-intensive sectors such as textiles, construction, electronics and plastics**.

The Commission will follow up on the 2018 plastics strategy focusing, among other things, on measures to tackle **intentionally added micro-plastics and unintentional releases of plastics**.

The circular economy action plan will also include measures to encourage businesses to offer, and to allow consumers to choose, reusable, durable and repairable products. It will analyse the need for a 'right to repair'

Reliable, comparable and verifiable information also plays an important part in enabling buyers to make more sustainable decisions and reduces the risk of 'green washing'. **Digitalisation** can also help improve the availability of information on the characteristics of products sold in the EU. For instance,

an electronic product passport (e.g. **Smart CE marking**) could provide information on a product's origin, composition, repair and dismantling possibilities, and end of life handling.

A **sustainable product policy** also has the potential to reduce waste significantly. Where waste cannot be avoided, its economic value must be recovered and its impact on the environment and on climate change avoided or minimised. The Commission will consider legal requirements to boost the market of secondary raw materials with mandatory recycled content (for instance for **construction materials**).

Chapter 2.1.4. Building and renovating in an energy and resource efficient way

The construction, use and renovation of buildings require significant amounts of energy and mineral resources (e.g. sand, gravel, cement). Buildings also account for 40% of energy consumed. Today the annual renovation rate of the building stock varies from 0.4 to 1.2% in the Member States. This rate will need at least to double to reach the EU's energy efficiency and climate objectives. In parallel, 50 million consumers struggle to keep their homes adequately warm. To address the twin challenge of energy efficiency and affordability, **the EU and the Member States should engage in a '*renovation wave*' of public and private buildings**. While increasing renovation rates is a challenge, renovation lowers energy bills, and can reduce energy poverty. It can also boost the construction sector and is **an opportunity to support SMEs and local jobs**.

The Commission will rigorously enforce the legislation related to the energy performance of buildings. This will start with an assessment in 2020 of Member States' national long-term renovation strategies. The Commission will also launch work on **the possibility of including emissions from buildings in European emissions trading**, as part of broader efforts to ensure that the relative prices of different energy sources provide the right signals for energy efficiency.

In addition, **the Commission will review the Construction Products Regulation**. It should ensure that the design of new and renovated buildings at all stages is in line with **the needs of the circular economy**, and lead to increased digitalisation and climate-proofing of the building stock.

In parallel, the Commission proposes **to work with stakeholders on a new initiative on renovation in 2020**. This will include an open platform bringing together the buildings and construction sector, architects and engineers and local authorities to address the barriers to renovation. This initiative will also include innovative financing schemes under Invest EU. These could target housing associations or energy service companies that could roll out renovation including through energy performance contracting. An essential aim would be to organise renovation efforts into larger blocks to benefit from better financing conditions and economies of scale. The Commission will also **work to lift national regulatory barriers** that inhibit energy efficiency investments in rented and multi-ownership buildings. Particular attention will be paid to the renovation of social housing, to help households who struggle to pay their energy bills. Focus should also be put on renovating schools and hospitals, as the money saved through building efficiency will be money available to support education and public health.

Chapter 2.1.8. A zero pollution ambition for a toxic-free environment

Creating a toxic-free environment requires more action to prevent pollution from being generated as well as measures to clean and remedy it. To protect Europe's citizens and ecosystems, the EU needs to better monitor, report, prevent and remedy pollution from air, water, soil, and consumer products. To achieve this, the EU and Member States will need to look more systematically at all

policies and regulations. To address these interlinked challenges, the Commission will adopt in 2021 a **zero pollution action plan for air, water and soil**.

To ensure a toxic-free environment, the Commission will present **a Chemicals Strategy for Sustainability**. This will both help to protect citizens and the environment better against hazardous chemicals and encourage innovation for the development of safe and sustainable alternatives. All parties including industry should work together to combine better health and environmental protection and increased global competitiveness. This can be achieved by simplifying and strengthening the legal framework. The Commission will review how to better use the EU's agencies and scientific bodies to move towards a process of **'one substance – one assessment'** and to provide greater transparency when prioritising action to deal with chemicals. In parallel, the regulatory framework will need to rapidly reflect scientific evidence on the risk posed by **endocrine disruptors**, **hazardous chemicals in products** including imports, **combination effects of different chemicals** and **very persistent chemicals**.

Circular Economy Action Plan

In December 2015, the Commission adopted a Circular Economy Action Plan (**COM(2015) 614 final**) with the aim to set the European Union on the course of the transition towards a more sustainable model for economic development.

The action plan looks at the whole lifecycle of products and adopts a systemic approach that promotes partnerships along the entire value chain and across different sectors. The action plan includes a balanced mix of voluntary initiatives and regulatory actions along production, consumption, waste management and secondary raw materials. It also identifies five priority sectors: plastics, food waste, biomass and bio-based products, critical raw materials and **construction and demolition**.

In volume terms, **construction and demolition are among the biggest sources of waste in Europe**. Many of the materials are recyclable or can be reused, but reuse and recycling rates vary widely across the EU. The construction sector also plays a role in the environmental performance of buildings and infrastructure throughout their life.

The recycling of construction and demolition waste is encouraged by an EU-wide mandatory target, but challenges on the ground still have to be addressed if waste management in this sector is to improve. For example, valuable materials are not always identified, collected separately, or adequately recovered. The Commission will develop targeted guidelines for use on demolition sites for that purpose, including on **the treatment of hazardous waste**, and is promoting sorting systems for construction and demolition waste in the revised proposals on waste. It will help to spread best practices by developing voluntary recycling protocols based on the highest common standards for each waste stream. The Commission is also currently conducting a study to identify the obstacles to, and drivers for, the recycling of construction and demolition waste, and best practices in this area.

Given the long lifetime of buildings, it is essential to encourage design improvements that will reduce their environmental impacts and increase the durability and recyclability of their components. The Commission will develop indicators to assess environmental performance throughout the lifecycle of a building, and promote their use for building projects through large demonstration projects and guidance on GPP.

The Commission's framework for sustainable buildings - **Level(s)** - unites the whole sector value chain around a common European language for better building performance. It looks at **the full lifecycle of buildings** to address their huge potential for emissions reductions, efficient and circular resource flows, and supporting the health and wellbeing of those they are built to serve.

The 54 actions under the action plan have now been completed or are being implemented, even if work on some will continue beyond 2019. On the 4th of March 2019, the European Commission adopted a comprehensive report on the implementation of the Circular Economy Action Plan (**COM(2019) 90 final**). The report presents the main achievements under the Action Plan and sketches out future challenges to shaping our economy and paving the way towards a climate-neutral, circular economy where pressure on natural and freshwater resources as well as ecosystems is minimised.

Products and services designed in a circular way can minimise resource use and foster materials' reuse, recovery and recyclability down the road. Various EU policies already address resource efficiency: beyond the **Ecodesign directive** and **Energy-labelling regulation**, these policies also include voluntary

tools, such as the **EU Ecolabel** or **Green Public Procurement** criteria. The Staff Working Document (**SWD(2019) 91**) on product-related policies, published together with the report, examines options to better articulate the various existing product policy tools at EU level and their contribution to the circular economy. This includes consideration of expanding the Ecodesign policy, which has been successful for energy-related products, to non-energy-related product groups, and to further support the repair sector in the EU.

Circularity also means **adapting industrial processes**. The Commission has introduced circularity aspects (energy consumption and material use, waste prevention, recycling and reduction of hazardous chemicals) in specific **Best Available Techniques Reference Documents** (BREFs) under the Industrial Emissions directive, turning them into reference standards for Member States when granting permits for industrial plants. In addition, the result of the fitness check of the **Environmental Management and Audit Scheme (EMAS)** confirmed its potential to improve organisations' environmental performance.

Boosting **the use of secondary raw materials** (SRMs) is one of the objectives of the circular economy action plan. It requires understanding the key challenges faced by market operators and should rely on a strong and effective Single Market. The Raw Materials Information System[1] launched in 2017 identifies knowledge needs for strategic industrial sectors, with focus on the monitoring of recycling of relevant materials and the availability of data in key sectors.

The EU Communication (**COM(2018) 32**) on **the interface between chemicals, product and waste legislation** launched a wide debate on the way to tackle four main obstacles impeding the safe uptake of SRMs. The Summary Report on the Public Consultation was published on the 4th of March 2019

Implementing the Circular Economy Action Plan has accelerated the transition towards a circular economy in Europe. At the same time, a stronger, shared vision of the circular economy can only boost ongoing efforts to modernise the EU industrial base to ensure its global competitive edge and preserve and restore the EU's natural capital. These elements and successful actions from the Action Plan as referred to in this report can help and guide future work by the European institutions, Member States, businesses and social partners.

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[1] http://rmis.jrc.ec.europa.eu/