

**Karmenu VELLA**  
Member of the European Commission

Brussels, 13 November 2014  
Ref. Ares(2014)

Frans Timmermans  
First Vice-President of the European Commission  
BERL 12/202

*Dear Frans,*

Dear Vice-President,

As discussed last week, I am attaching a preliminary assessment of the air quality and circular economy packages based on work by DG Environment on the basis of the task confided in me by President Juncker in my Mission letter, and in view of the preparation of the Commission Work Programme for 2015. I believe these assessments speak for themselves but let me highlight a few key points.

First of all, I am, like you, insistent on the idea that, given the maturity of the legal framework on the environment, new legislative proposals in this area must be justifiable not only because of their value in improving the state of the environment but in how they contribute to the overall political priorities of this Commission, in particular to generating jobs, growth and competitiveness but also to the Energy Union. Decisions on whether to pursue work on these proposals must be considered on this basis, together with an assessment of their likelihood of being adopted by Council and Parliament within a reasonable timeframe.

### **1. Contribution to the Priorities of this Commission**

The air package has been designed fundamentally to tackle a health problem, namely the 400,000 premature deaths yearly in the EU that can be put down to air pollution. However, the impact assessment was solidly grounded in a cost/benefit analysis looking at the impact on labour productivity of the proposal (reduction of days lost at work etc.) as well as reducing costs to health systems. The economic benefits are estimated at €40-140 billion per year in 2030 compared to implementation costs of €3.4 billion per year.

The basis of the waste target review was a series of legal obligations in the relevant directives to review the targets in 2014<sup>1</sup>. However the circular economy package does more than respond to review clauses, it is fundamentally aimed at improving Europe's competitiveness, both through reducing our dependence on imported resources through recycling, through the generation of jobs, not delocalisable to third countries, and through innovation and the development of new and exportable technologies. The proposed package

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<sup>1</sup> Waste Framework Directive (Art 11), Packaging and Packaging Waste Directive (Art 6.5) and Landfill Directive (Art. 5.2)

alone could create around 600.000 jobs in the EU, with a further estimated 2 million jobs created through the impact of the legislation on the broader economy. Measures such as better eco-design, waste prevention and re-use as encouraged in the package could for instance, bring net savings to businesses in the EU of up to €600 billion or 8% of their annual turnover. Furthermore, it will have the additional benefits of reducing greenhouse gases and energy dependency. Finally, the proposed legislation will also contribute to reducing red tape since it would reduce reporting obligations and makes special provisions for small and medium sized enterprises.

## **2. Prospects for Adoption**

It is very early to make an unequivocal assessment since both proposals are newly tabled by the Commission to the co-legislators. Indeed, in the case of the review of the waste targets, it was tabled to the new European Parliament after the elections in July and rapporteurs have only recently been appointed. The air quality package was tabled earlier this year but new rapporteurs have been appointed and no discussion has yet taken place in the Environment Committee. Environment Ministers had a first orientation debate on the review of the waste targets on 28 October, but have yet to take a position on either package. My expectations, however, are as follows:

### *Position of Member States:*

In the case of the air quality package, what I know from my bilateral meetings with Ministers and from the working group discussions, is that several Member States would merely wish to amend the targets.

In the case of the waste target review, the orientation debate in Council showed a majority of Member States welcoming the proposal with a substantial minority limiting themselves to supporting the general principle. From the bilateral meetings I have already held, it is clear that many Member States would want to reduce the targets

### *Position of the European Parliament*

It is clear from my hearing, from the letters that have been sent and from my bilateral meetings with MEPs that the main political groups in the Parliament would like to strengthen the targets of the air package. The Parliament has already published a supplementary impact assessment which suggests that the climate change and energy package could make the Air Quality package easier to achieve. It is clear also that the main groups are fully behind the circular economy package including the waste review targets.

## **3. Preliminary Conclusions**

Therefore, my preliminary assessment would be that the changes we would expect the co-legislators might ask for would not be such as to denature either of the packages. It may become advisable to consider issuing amended proposals, especially in the case of the waste target review, after the first reading next year, and, in any case, I am committed to looking at how we can increase our support to Member States to help them in implementing waste handling legislation and in freeing the private sector to make use of separately collected waste streams.

I believe that considering an amended proposal after first reading would be a wiser course of action than to withdraw either proposal at this stage. Nothing at this stage of the procedure suggests that there are fundamental problems with either proposal that would merit the risk of withdrawing proposals before the co-legislators have had a proper chance to consider them.

Finally, you will see from the proposals for the Commission Work Programme 2015 just how committed I am to easing regulatory burden and to reviewing how we can achieve our environmental objectives on the ground in a better way. But at the same time, it's important also to send the signal that this Commission is serious about its intention to contribute to generating green growth. These proposals can in fact only complement the objectives of the €300 billion package we intend to adopt before Christmas.

So I hope that on this basis we can agree to wait until after the Council and the Parliament have completed their first readings next year before taking any decisions on withdrawing or amending the proposals.

Best regards,

A handwritten signature in black ink, appearing to read 'Karmenu Vella', with a stylized flourish at the end.

Karmenu Vella

Enclosures: 2