Delivering a circular economy within the planet’s boundaries

An analysis of the new EU Circular Economy Action Plan
Contents

WHY NOW? 4
WHAT HAVE WE LEARNED SO FAR? 6
WHAT CAN THE EU DO TO ENSURE A CIRCULAR ECONOMY WITHIN THE PLANET’S BOUNDARIES? 8
Table: Analysis of the key demand-related actions in the 2020 CEAP 9
RECOMMENDATIONS GOING FORWARD 24
Develop clear EU-level targets to reduce the Union’s ecological footprint with respect to use of material in absolute terms 24
Avoid a sole focus on citizens’ role in changing consumption behaviour 24
Provide incentives and support, and address remaining barriers to, genuinely circular and “disruptive” business models. 24
Complement the focus on job impacts of circular economy transition with a recognition of and measures to ensure a fairer balance of access to resources in Europe 25
Make better use of the potential of environmental tax reform 25
REFERENCES 27

Disclaimer:
The arguments expressed in this report are solely those of the author, and do not reflect the opinion of any other party.

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The briefing should be cited as follows:
The Circular Economy Action Plan, published by the European Commission on 11th March 2020, is a promising continuation of the EU executive’s ambition from 2015.

The plan acknowledges the need to address the block’s resource consumption and to reduce environmental pressures driven by consumption.

The following analysis assesses to what extent the actions included in the action plan may help deliver such reductions and contribute to a more circular European economy within the boundaries of the planet.
Why now?

Time is quickly running out to prevent climate change from spiralling out of control and to stop ecological collapse — two impending scenarios that are closely linked to one another and driven to a large extent by our linear take-make-use-dispose economic model and the ever-increasing demand for natural resources.

It is clear from different pieces of research — applying different methodological approaches — that Europe is not living within the boundaries of the planet. Far from it. As one example to illustrate this unbalance: the EU has an ecological “footprint”¹ of 4.7 global hectares (gha) per person, to compare with the global biocapacity of 1.7 gha per person.² In other words, if everyone on the planet consumed like the average European, we would need almost three Earths to sustain the global economy.

Meanwhile, Europe is, to an increasing degree, externalising its pressures on key environmental issues onto other parts of the world.³ According to the European environment state and outlook 2020, between 30 and 60% of the environmental pressures associated with European consumption are on countries abroad where many goods are produced — this footprint on resources such as land, water and energy showed an upward trend in the period studied, while reductions on certain environmental pressures were seen within Europe.

Keeping track of consumption footprints globally, which requires good supply chain data and accounting, is increasingly recognised as critical to an inclusive transition to sustainability, including in the UN Sustainable Development Goals where material footprint is included as an indicator.

The idea of a circular economy is to decouple economic growth and prosperity from consumption of finite resources and to build economic, natural and social capital.⁴ While there is little yet to suggest that true “decoupling” works at the scale required, the European Commission has adopted circularity as the new economic paradigm for Europe, starting with the launch of its first EU Circular Economy Action Plan in 2015.

¹ The biologically productive area required to provide space for food growing, fibre production, timber regeneration, absorption of carbon dioxide emissions from fossil fuel burning, and accommodating built infrastructure (Global Footprint Network).

IEEP & SEI (2020)
What have we learned so far?

In March 2019, the Commission declared that it had delivered the 54 actions in the 2015 Action Plan, including, for instance, a revised Union waste legislative framework, an Ecodesign Working Plan 2016-2019 and the first-ever Europe-wide strategy on plastics\textsuperscript{vii}. Meanwhile, the Commission’s evaluation of its first plan acknowledged that more remained to be done.

The EU-level actions taken so far have focused on supply-side measures aimed at addressing negative impacts of products, services and production, and on dealing with materials that become waste. Both are critical and the EU has long-standing and relatively well-established policy frameworks in these areas.

However, it is unlikely that supply-side tweaks alone will achieve the scale of change required in the time available, also considering different system rebounds\textsuperscript{viii}. Instead, there is a need to not only address what we consume, but also the way we consume, how much and why. With the exceptions of consumer information tools such as ecolabelling and voluntary green public procurement criteria, these market demand aspects have been less of a focus for EU policy to date.

There are limits to how far EU level policy can go on demand-oriented policy instruments due to the current balance of policy responsibilities between the EU and its Member States. Taxes and VAT, for example, can be used to try to regulate demand but largely fall within Members States’ competence.

This is not to say that the EU does not have a role to play or responsibility in addressing unsustainable levels of demand. It has several levers to pull and an important responsibility to try to encourage initiative and innovation by the private sector and at national, regional and local level, creating the conditions for others to follow while preventing laggards from being left behind.

It is unlikely that supply-side tweaks alone will achieve the scale of change required in the time available

The need to address unsustainable consumption levels at EU level has gained recognition in the last few years:

- The Commission’s evaluation of the 7th Environment Action Programme (EAP) in 2019 noted that “the sustainable and circular management of resources in developed countries may need a reduction in consumption”\textsuperscript{x}.\textsuperscript{x}

- The Council of the EU has invited the Commission to present an “ambitious and focused” 8th EAP proposal in early 2020 and has highlighted the need to accelerate the transition toward sustainable consumption patterns\textsuperscript{x}.

- Commission President, Ursula von der Leyen, emphasised in her Agenda for Europe after taking office that “We need to change the way we produce, consume and trade”\textsuperscript{xi}.
What can the EU do to ensure a circular economy within the planet’s boundaries?

With the launch of a new EU Circular Economy Action Plan (CEAP), as part of the Communication on a European Green Deal from December 2019, the Commission has taken an important and significant step in terms of recognising key issues and remaining gaps.

Notably, the Commission is right to acknowledge the need to keep the EU’s resource consumption within planetary boundaries, transform consumption patterns and reduce consumption footprints.

To what extent the initiatives proposed in the new CEAP will amount to sufficient change to achieve this will, however, depend on what concrete measures will eventually be agreed, how well they are implemented and to what extent EU Member States show leadership above and beyond what can be initiated at EU level.

The analysis below looks at some of the key initiatives in the new CEAP that link to market demand and assesses the potential of these initiatives to contribute to a circular economy within the planet’s boundaries. It identifies several promising aspects – but also a number of concerns.

The Commission is right to acknowledge the need to keep the EU’s resource consumption within planetary boundaries.
### Analysis of key demand-related actions in the 2020 CEAP

<table>
<thead>
<tr>
<th>Actions related to demand</th>
<th>By</th>
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<tbody>
<tr>
<td>Legislative proposal for a sustainable product policy legislative initiative</td>
<td>2021</td>
<td>Promising:</td>
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<td></td>
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<td>• Although primarily a supply-side tool, eco-design focusing on, for instance, durability, repairability and recyclability of products may have an impact on the level of material consumption, so long as this results in an actual replacement of/prolonging buying a new product. We therefore very much welcome the Commission’s continued focus on eco-design aspects as part of its sustainable product policy legislative initiative and in sector- and material-specific initiatives put forward (see below). It is particularly promising to see the suggested widening of the Ecodesign Directive beyond energy-related products. There has long been a policy gap in terms of eco-design requirements of products that are not energy related.</td>
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<td></td>
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<td>• Lack of transparency is a significant barrier to circular economy approaches, in particular those involving material streams where legacy substances(^2) are an issue for value retention and reuse (such as plastics and textiles(^{12})). We therefore welcome the Commission’s initiative to establish a common European Dataspace for Smart Circular Applications with data on value chains and product information. This is in line with the</td>
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\(^2\) Legacy substances are explained in the Communication on the Interface between chemicals, products and waste legislation (COM/2018/032 final): ‘New chemicals are continuously placed on the market whilst others are forbidden when it is discovered that they pose a risk. /…/ When the product becomes waste and is then recovered, the forbidden substance may still be contained in the recovered material.’ Notably, phasing out hazardous chemicals altogether is important to deliver circular economy, which the CEAP rightly acknowledges by proposing to improve availability of and access to information on the content of substances of concern through the life cycle of products.
## Analysis of key demand-related actions in the 2020 CEAP

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<tr>
<td></td>
<td></td>
<td>Think 2030 recommendations calling for the establishment of a centralised system for environmental product information in the EU to support industry and regional initiatives in the transition towards circularity.</td>
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<td>- We also welcome the acknowledgement of mobilising the potential of digitalisation, such as digital product passports, as they might help foster harmonised implementation approaches across Member States, support private sector front-runners and enable various stakeholders to establish a better and more reliable understanding of the links between choice and impact. Supporting product-level information exchange and transparency might also help provide for overall tracking of consumption and environmental footprint indicators (see further points in relation to “Monitoring progress”, below).</td>
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<td>- It is promising that the Commission will consider introducing mandatory requirements to increase the sustainability of goods as well as services. Adopting minimum requirements on for instance material or resource efficiency of products placed on the EU market could be one effective approach. For instance, as energy efficiency of products covered by the Ecodesign Directive has improved thanks to existing rules and standards, the relative significance of other environmental impacts of these products has increased and therefore ought to be addressed. A recent IEEP think piece on greening the EU Industrial Strategy provides further insights on role of resource efficiency in this regard.</td>
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**Potential issues:**
### Analysis of key demand-related actions in the 2020 CEAP

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|                           |    | - While it is encouraging that the Commission will consider widening the Ecodesign Directive beyond energy-related products, it is important to recognise that it needs to be accompanied by the development of standards and testing methods to support harmonised verification of new requirements.  
- We encourage the Commission to clarify how support for the development of a European Dataspace for Smart Circular Applications will be provided, e.g. through the Communication on the SME strategy for a sustainable and digital Europe. While the SME Strategy elaborates support for SMEs to better access and make use of already available data sets, the gathering, processing and reporting on product/ value chain-specific data envisaged in the CEAP can be both difficult and costly for individual firms, and sometimes relevant metrics are missing altogether. |
| Information-based initiatives:  
- Legislative proposal empowering consumers in the green transition  
- Legislative and non-legislative | From 2020 | Promising:  
- We welcome the initiatives to put forward a legislative proposal on information to consumers on product lifespans, availability of repair services, spare parts and repair manuals, and the establishment of a new Right-to-Repair. Planned obsolescence is prevalent and it is increasingly (often intentionally) difficult to repair for instance ICT products and small electronic devices. The effective lifetime of many consumer products is shrinking. This development is wholly incompatible with the ambition to ensure an EU economy within the planet’s boundaries. |
## Analysis of key demand-related actions in the 2020 CEAP

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<tr>
<td>measures establishing a new “right to repair”</td>
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<td>• We also welcome the initiative to put forward a legislative proposal on substantiating green claims. There is currently a high volume of different green claims on the EU market with and without independent verification, creating confusion and possibly eroding consumer confidence in the legitimacy of the claims. The lack of coordination, credibility and comparability between green claims is an issue for advancing a more circular economy within the boundaries of the planet (e.g. to be able to trace materials in recycled products) as well as for people’s safety when it comes to potentially toxic chemicals in products, for instance.</td>
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<td>Legislative proposal on substantiating green claims</td>
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<td>• Reliable and transparent information – as opposed to ‘greenwashing’ - could meanwhile support the growing interest among investors and shareholders to channel funds toward more sustainable, low-impact solutions, for instance by forming the basis for standards and labels for green financial products. The Commission’s continued commitment to developing EU Ecolabel criteria for financial products is therefore welcome.</td>
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<td></td>
<td>• We welcome the Commission’s commitment to include, more systematically, incentives in the labelling criteria that encourage companies to develop products that are more durable and easier to recycle.</td>
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<td><strong>Potential issues:</strong></td>
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<tr>
<td></td>
<td></td>
<td>• So far, keeping citizens’ responsible for delivering more sustainable consumption through our choices as consumers has had limited impact. Despite many years of</td>
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### Analysis of key demand-related actions in the 2020 CEAP

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<td>relying on information-based policy tools, such as labels and awareness-raising, Europeans’ consumption patterns have remained relatively unchanged.</td>
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<td>• In fact, there is limited evidence to suggest that improved information about products’ environmental impacts, such as eco-labels, result in real-life changes in purchasing behaviour because of various rebound effects, subconscious routines and habits, etc.; let alone at the scale required. Our choices as consumers (be them household, private sector or public) remain largely driven by price and convenience. It is also problematic to place the responsibility for the transformational shift required on citizens’ role as consumers, while market and societal levers remain set on encouraging increased levels of material consumption.</td>
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<td>Mandatory Green Public Procurement (GPP) criteria and targets in sectoral legislation and</td>
<td>2021</td>
<td>Promising:</td>
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<td>• We very much welcome this initiative which is in line with the 2018 Think 2030 recommendations, urging the Commission to “Expand circular and green procurement guidelines to more sectors/ product groups and gradually transform guidelines into mandatory requirements.” Given the size of public procurement in the EU economy, public procurement criteria can be an effective instrument in bringing about wider change in the market by creating demand and acceptability for more circular products,</td>
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3 I.e. concrete behavioural changes, as opposed to people’s stated willingness to change behaviour (research on the latter has been summarised by LE Europe et al. (2018)).

4 Public procurement is worth an estimated 14% of GDP in the EU, according to the CEAP.
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<tr>
<td>phasing-in mandatory reporting on GPP</td>
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<td>and business models, which, at scale, may contribute to reducing the EU’s material consumption.</td>
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<td>- It is meanwhile an important message that the Commission is ready to move from voluntary guidelines to mandatory criteria. This may have impacts also on the penetration of existing voluntary criteria.</td>
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<td>- One current barrier to implementation of circular procurement criteria specifically is a lack of knowledge and expertise to do so. It is therefore positive to see the Commission’s commitment to continue to support capacity building through, for instance, the proposed “Public Buyers for Climate and Environment” initiative.</td>
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<td>Potential issues:</td>
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<td></td>
<td></td>
<td>- It remains to be seen what criteria and targets will be prioritised. Importantly, procurement criteria should cover high-volume products and include more than energy efficiency, such as, for instance, level of reusability or other measures to reflect product longevity.</td>
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### KEY PRODUCT VALUE CHAINS

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5 See further insights on circular procurement from the project CircPro: [https://www.interregeurope.eu/circpro/](https://www.interregeurope.eu/circpro/).
While a transition toward a more circular economy within the boundaries of the planet requires a horizontal approach, it needs to be combined with ambitious sector-specific initiatives. It is therefore encouraging to see that the Commission is planning to take action on high-impact sectors such as textiles and ICT. Turning attention first to impact hotspots seem a sensible approach when big change is required fast. It is meanwhile encouraging that the Commission is clear that these initiatives will contribute to and feed into other EU policy, including the upcoming biodiversity, Farm to Fork and forest strategies.

In general, innovative business models based on circularity, servicing, etc. are still very much the exception in Europe and are often struggling to compete with linear solutions. We therefore welcome the Commission’s commitment to provide incentives and support to, for instance, product-as-service models in the textiles sector and as part of the forthcoming Comprehensive European Strategy on Sustainable and Smart Mobility, with the aim to reduce virgin material consumption.

It is encouraging to see that the individual sector- and material-specific initiatives put forward under the CEAP will go beyond material substitution and incorporate also measures aiming to, for instance, promote longer lifetimes of electronics (as part of a Circular Electronics Initiative), reducing excessive use of packaging (as part of a reinforcement of existing mandatory essential requirements for packaging), and

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<tr>
<td>Value chain and sector-specific actions:</td>
<td>multiple</td>
<td>Promising:</td>
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<tr>
<td>- Electronics and ICT</td>
<td></td>
<td>- While a transition toward a more circular economy within the boundaries of the planet requires a horizontal approach, it needs to be combined with ambitious sector-specific initiatives. It is therefore encouraging to see that the Commission is planning to take action on high-impact sectors such as textiles and ICT. Turning attention first to impact hotspots seem a sensible approach when big change is required fast. It is meanwhile encouraging that the Commission is clear that these initiatives will contribute to and feed into other EU policy, including the upcoming biodiversity, Farm to Fork and forest strategies.</td>
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<td>- Batteries and vehicles</td>
<td></td>
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<td>- Packaging</td>
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<td>- It is encouraging to see that the individual sector- and material-specific initiatives put forward under the CEAP will go beyond material substitution and incorporate also measures aiming to, for instance, promote longer lifetimes of electronics (as part of a Circular Electronics Initiative), reducing excessive use of packaging (as part of a reinforcement of existing mandatory essential requirements for packaging), and</td>
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<tr>
<td>- Plastics</td>
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<td>- Textiles</td>
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<td>- Construction and buildings</td>
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<td>- Food, water and nutrients</td>
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<td>possibly introducing recycled content requirements for certain construction products (in the context of revising the existing Construction Product Regulation).</td>
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**Potential issues:**

- It will be important to bear in mind and to emphasise in sectoral proposals that business models branded as “circular” cannot be automatically assumed to benefit the environment. For instance, secondary (reused/ remanufactured/ recycled) products are still often sold in addition to primary (new) products, resulting in environmental impacts of both the primary and secondary production\textsuperscript{xxiv}. There is a need to ensure that circular business strategies result in actual displacement e.g. from new to secondary or from ownership to sharing\textsuperscript{xxv}.

- In the initiatives proposed for Food, water and nutrient value chains, we are missing the focus on the role of demand for ensuring circularity of materials in these sectors and to bring them back within the planet’s boundaries. Previous IEEP analysis has highlighted that the current EU food system is oversized with detrimental impacts to biodiversity and ecosystems\textsuperscript{xxvi}. Furthermore, current European consumption of animal protein, for instance, is on average 70% higher than advised in dietary guidelines\textsuperscript{xxvii}, which is both wasteful, and in some cases, dangerous to human health.
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| - 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 | Promising:  
- We welcome the Commission’s commitments to support the transition through a range of existing and new initiatives, including the Just Transition Mechanism.  
Potential issues:  
- However, beyond the acknowledgement of potential job impacts, we are missing a clear commitment to ensure a fair balance of access to resources. There are large differences and inequalities within Europe to take into consideration. While large parts of Europe need to reduce their material consumption in absolute terms, some regions need to increase their consumption of certain products and services. For instance, the level of material deprivation (the inability to afford a particular standard of living that is generally considered acceptable) varies from 3% of the Swedish population to 47% of the Bulgarian population. The ongoing revisions of the reporting under the EU semester process could be one avenue to take this into account. Country reports are now to include territorial just transition plans, including a roadmap on how and where the EU just transition fund could provide support. Further elements will be added to the reporting in coming semester cycles. Such elements could include further analysis of the transition challenges in relation also to access to resources or material inequalities.  
- In addition, while exporting the EU’s environmental footprint through trade cannot be considered sustainable, it also needs to be recognised that trade with the EU plays an important role in the socio-economic development of many countries. There is, however, a need to align trade with circular economy principles, creating opportunities
### Analysis of key demand-related actions in the 2020 CEAP

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<tr>
<td>Mechanism and urban initiatives</td>
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<td>for both the EU and its trade partners. As part of driving the transition through research and innovation and the EU’s global efforts (for instance through the proposed Global Circular Economy Alliance), we would welcome an explicit commitment to support the exploration of potential trade-offs between a circular economy within the planet’s boundaries and potential impacts on other regions around the world. A dedicated analysis by IEEP and partners on the trade-related aspects of the CEAP will follow soon.</td>
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### CROSSCUTTING ISSUES

<table>
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<tr>
<th>Circularity as a prerequisite for climate neutrality</th>
<th>As of 2020</th>
<th>Promising:</th>
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<tr>
<td></td>
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<td>• 45% of Europe’s total carbon emissions come from how we make and use products, and how we produce food. This is an essential insight if we are to deliver on the EU commitment to reach carbon neutrality by 2050. It is therefore positive to see the Commission acknowledging the links between increased circularity of materials in the economy and reduced greenhouse gas emissions.</td>
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| | | Potential issues: |
| | | • We would have welcomed clearer recognition of the role of consumption and demand to address these 45%, e.g. acknowledging the need for an absolute reduction in EU material consumption. |
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<td>Getting the economics right</td>
<td>Ongoing</td>
<td>Promising:</td>
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<tr>
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<td>- Getting the economics right is essential. If primary raw materials are cheaper than reused goods or secondary raw materials, then policy interventions to deliver a circular economy will have little impact. We therefore welcome this focus from the Commission.</td>
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<td>- The CEAP mentions an ambition to &quot;encouraging reduced taxation on repair activities and second-hand goods&quot;, i.e. VAT adjustments. This is promising but depends on what will be proposed. Think 2030 has previously emphasised that low hanging fruit in this regard include using the VAT Directive and the European semester process to, for instance, give favourable rates to repair activities to support circularity.</td>
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<td>Potential issues:</td>
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<td>- Getting the economics right includes ensuring that products and services traded on the EU market to a greater extent than currently reflect their true costs with the overarching aim to phase out high-impact products. The European Green Deal mentions that it will &quot;create the context&quot; for broad based tax reforms, removing subsidies for fossil fuels, shifting the tax burden from labour to pollution, and taking into account social considerations. This aspect is largely missing from the CEAP. The European environment state and outlook 2020 stresses that the prices of internationally traded goods rarely incorporate the costs of environmental externalities, i.e. the embodied impact of the land and water used, the GHGs emitted or the biodiversity affected. According to Eurostat, environmental taxes as a share of total revenues is in fact declining in EU Member States.</td>
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We would have liked to see further support of extended producer responsibility (EPR) schemes in the context of “getting the economic right” and circular economy objectives more broadly (and not just as a cost recovery approach). IEEP research has shown that EPR can contribute to broader environmental and circular economy objectives, including reducing natural resource depletion (by encouraging upstream design changes). Commission actions to support improved approaches to EPR as per this commitment should therefore include means to maximise incentives for upstream design changes, for instance by encouraging sufficient eco-modulation of EPR fees.

MONITORING PROGRESS

Updating the Circular Economy Monitoring Framework to reflect new policy priorities and develop further indicators on resource use, including consumption

2021

Promising:

- The Commission correctly recognizes the need for consumption and environmental footprint indicators to track progress towards the EU’s circular economy objectives and leading global efforts to improve circularity in its supply chains. It is important to distinguish between territorial and embedded emissions from imports; and to target and track both. This is also in line with the much-welcomed initiative in the CEAP to explore the definition of a “Safe Operating Space” for natural resources as part of the EU’s global efforts.

- Footprint calculation methods exist for top-down sector-level accounting and bottom-up product supply chain tracking. Both must be deployed to capture data required to
An analysis of key demand-related actions in the 2020 CEAP

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<td>and material footprints</td>
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<td>better understand the material resource requirements to supply European consumption, track progress over time and target responses to preserve the value of resources in the economy.</td>
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<td>• At the sector-level, the EU’s global footprint can be calculated using existing reporting by Member States (through the European System of National and Regional Accounts), paired with established accounting tools that track material transactions between countries across global supply chains (environmentally extended multi-regional input-output models). Eurostat has initiated work on this through its project, Full International and Global Accounts for Research in Input-Output Analysis (FIGARO). In Sweden, SEI has helped develop such a method which has led to the global emissions footprint (consumption-based emissions) included as official statistics, meaning that Statistics Sweden now reporting annually. Using the same method, this would also be possible for Eurostat using existing statistics without any additional policy frameworks.</td>
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<td>• At the product-level, reporting on supply chains by companies themselves is currently voluntary using Type 1 reporting under International Standards (ISO 14024). The EU could mandate such company-level reporting to provide the required data for both tracking and consumer information through the EU Ecolabel. We would welcome this to be explored in the development of concrete measures to implement the CEAP.</td>
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6 See also the research done by Jiborn M. et al. (2018) for further insights on the complexity of measuring emissions displacement of foreign trade.

7 See the work done under the PRINCE project https://www.prince-project.se/.
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#### Potential issues:
- We welcome the Commission’s commitment to refocus the European Semester process to integrate a stronger sustainability dimension. This could include using indicators to measure green innovation through the number of patents related to recycling and secondary raw materials; Member State progress on circular economy through domestic material consumption per capita and circular material use rates. Other examples include index turnover (or GVA) of second-hand versus turnover (or GVA) of new produce, rate of products-as-service contracts in the economy and the number or value of public procurement contracts which fulfil circular economy requirements.

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9 See further research on indicators to measure circularity conducted as part of the Mistra REES programme (Resource Efficient and Effective Solutions), here: https://mistrarees.se/en/home.
Recommendations going forward

The new Circular Economy Action Plan (CEAP), presented by the Commission on 11th March 2020, is a promising continuation of existing efforts, initiated since 2015, to increase material circularity in the European economy. Notably, the Commission is right to acknowledge the need to keep the EU’s resource consumption within planetary boundaries, transform consumption patterns and reduce consumption footprints.

Of course, the hard work lies ahead. The authors call on the European Commission, the European Parliament and the Council of the EU to ensure a high level of ambition in the development of the initiatives put forward as part of implementing the new CEAP. In particular, there is a need to adopt concrete measures that address both supply and demand in order to deliver a more circular economy within the boundaries of the planet.

More specifically, in relation to demand-side measures, the authors call on EU policymakers to:

1. Develop clear EU-level targets to reduce the Union’s ecological footprint with respect to use of material in absolute terms.

The Commission has missed the opportunity to do so in the CEAP, and we therefore urge policy makers to explore such targets in the development of the sustainable product policy legislative initiative.

2. Avoid a sole focus on citizens’ role in changing consumption behaviour...

... based on information tools and labels, as this approach has had limited impact so far and there is little evidence to suggest that increased awareness will deliver the change required in the short time available. We urge EU policy makers to focus more on the responsibility of private and public sector to address unsustainable consumption, e.g. to help ensure - in a balanced and transparent manner - that the healthier, more sustainable and safer choice is the easier choice for citizens.

3. Provide incentives and support - and address remaining barriers - to genuinely circular and “disruptive” business models.

A good start would be the key sectors identified in the CEAP, using the initiatives suggested for these sectors. There are promising examples of such strategies already on the EU market, such as products-as-service systems, but none of these are yet mainstream. Most businesses’ growth is still based on more people buying more stuff - a model that is no longer compatible with a safe and sustainable future. Importantly, it is not always clear to what extent business models branded as “circular” actually replace use of virgin resources.
4. Complement the focus on job impacts of circular economy transition with a recognition of and measures to ensure a fairer balance of access to resources in Europe...

... pursuing a more circular economy that truly works for people, regions and cities. Parts of Europe have some of the highest ecological footprints in the world, whereas other parts have not yet reached a standard of living that is considered acceptable. The ongoing revisions of the reporting under the EU semester process (e.g. just transition plans) could be one avenue to take this forward.

5. Make better use of the potential of environmental tax reform...

... using EU levers such as fiscal and economic coordination instruments, to create the conditions for Member States to gradually shift tax burden from labour to the use of non-renewable energy and virgin raw materials. As long as primary raw materials are cheaper than reused goods or secondary raw materials, policy interventions to deliver a more circular economy will have little impact.

EU-level action is important, but far from enough

Lastly, we want to reiterate that EU-level action is important, but far from enough.

Many relevant policy tools are not within EU competence and the authors urge national, regional and local authorities to develop innovative responses to the issues addressed in the CEAP and to show leadership in implementing its initiatives.

We also call on market front-runners to show willingness to innovate and see the opportunities in being early movers in this irreversible and long overdue transition.
References


Think Sustainable Europe

This Circular Economy Action Plan analysis was produced by Think Sustainable Europe, a network of sustainability think tanks that serves as the engine room of Think2030, an evidence-based, non-partisan platform of 100 leading policy experts from European research institutes, civil society, the private sector and local authorities. Think Sustainable Europe is composed of IEEP, SEI, Ecologic Institute, TMG and IDDRI.

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