

THINK 2030

Science-policy
solutions for a more
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In collaboration with



Romain Pardo
rpardo@ieep.eu

Jean-Pierre Schweitzer
jean-pierre.schweitzer@eeb.org

**Institute for European
Environmental Policy (IEEP)**

Brussels Office
Rue Joseph II 36-38
1000 Bruxelles, Belgium
T +32 (0) 2738 7482
F +32 (0) 2732 4004
www.ieep.eu

www.Think2030.eu
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A LONG-TERM STRATEGY FOR A EUROPEAN CIRCULAR ECONOMY

Setting the course for success

Key messages

The transition towards a circular economy offers an opportunity to reduce Europe's ecological footprint by lowering raw material consumption and minimising waste generation, keep the value of resources for as long as possible and rethink production, consumption and end of life management processes. It is necessary to develop a long-term vision for the circular economy to set a clear direction of travel and determine which actions are necessary to turn this vision into reality.

In 2050, economic trends favour product and material longevity. Information on the material composition of products is accessible by all actors throughout the value chain who cooperate more closely. As landfilling is phased-out, recycling becomes the last resort with secondary materials of good quality flowing across the EU single market. Beyond material flows, innovative business models thrive and contribute to the reduction of consumption of new products and raw materials as well as the optimal use of assets. Global value chains also become more resource efficient. Finally circular economy strategies are designed according to the societal needs they intend to meet and play a key role in the achievement of climate and social objectives.

A series of barriers currently prevent this paradigm shift from happening. These barriers can be market related and regulatory. Companies can be unable to switch to circular business models because of limited financial and technical capacity. The potential for a rebound effect, where circular economy products would be produced in addition to linear products rather than substituting them is an often-overlooked barrier. Moreover, trade-offs and inconsistencies between the circular economy and climate and social issues need to be addressed.

The concept of circular economy is gaining traction, which has led to various policy actions throughout the life cycle of a product ranging from measures on eco-design to recycling targets. Despite the progressive incorporation of the circular economy in industrial and innovation policies, the EU and Member States policies have a strong focus on increasing recycling rates, reducing landfilling and creating markets for secondary raw materials. On their own these measures are insufficient to result in a paradigm shift in resource use and current targets inadequate to provide a clear direction of travel.

Policy recommendations

In order to turn the long term vision for a circular economy into reality and establish a credible policy framework, the EU should undertake the following actions:

- Develop clear targets to reduce material consumption and overall waste arising as well as quantitative targets on waste prevention.
- Use environmental fiscal reform as a key instrument in the circular economy transition. The tax burden should be shifted away from labour and onto resource depletion to support a double dividend. Low hanging fruit includes using the VAT directive and the European semester process to give favourable rates to repair activities, which support circularity. Urgently needed reforms should also cover the removal of environmentally harmful subsidies – such as those on fossil fuels, which are by definition linear and Member States have already committed to removing.
- Accelerate the extension of the scope of eco-design criteria, beyond energy use, to incorporate considerations for material use, multiple product life cycles, repair and the circular economy more widely.
- The transition towards a decarbonised and circular economy must be part of the same systemic shift. The circular economy should be incorporated in countries' long-term decarbonisation plans including the EU's long term strategy for greenhouse gas emissions reduction.
- The circular economy should be integrated in the EU's external policies including trade. The EU should include the circular economy in the Sustainable Development Chapters of all its trade agreements and push for global standards related to the durability, reusability and recyclability of products.
- Ensure that benefits are shared along value chains and that transparency helps to not only close material loops but also reinforce partnerships between producers, consumers and end of life management operators.
- Increasingly link the circular economy with the social agenda and the just transition in order to ensure that inequalities are limited and individuals whose livelihoods might be jeopardised have access to training and retraining opportunities that would enable them to prosper.
- European and Member States legislators should communicate on resource and circular economy issues to make them relevant to all citizens, and thus establish democratic support for the environment and circular economy as a crucial issue for the future of Europe.

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Institute for European
Environmental Policy (IEEP)

London Office

11 Belgrave Road,
IEEP Offices, Floor 3
London, SW1V 1RB
T +44 (0) 20 7799 2244
F +44 (0) 20 7799 2600
www.ieep.eu

www.Think2030.eu
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