

Circular Economy and Climate Policy

EuRIC Conference, Solvay Library

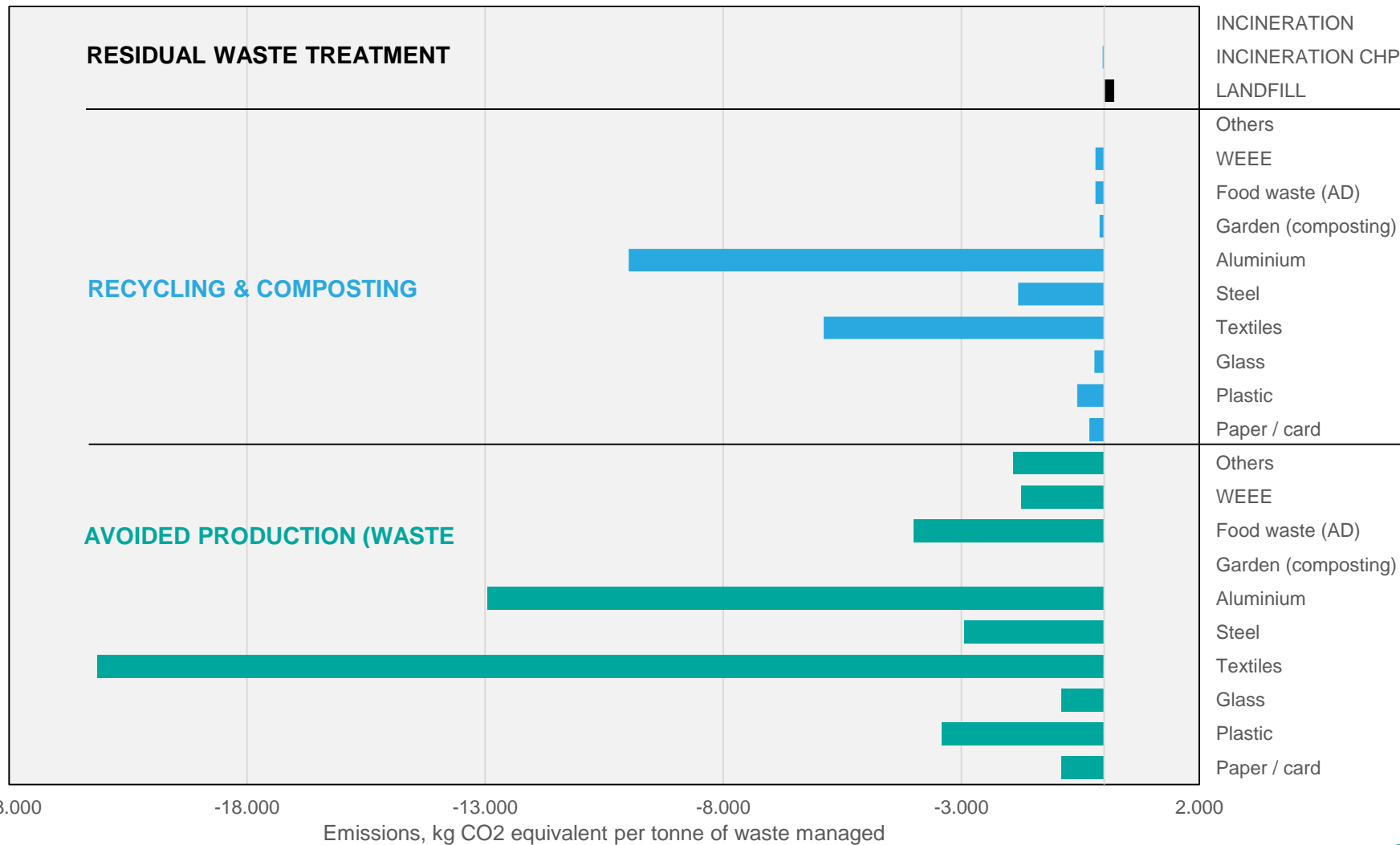
1st March 2016

Dr Dominic Hogg

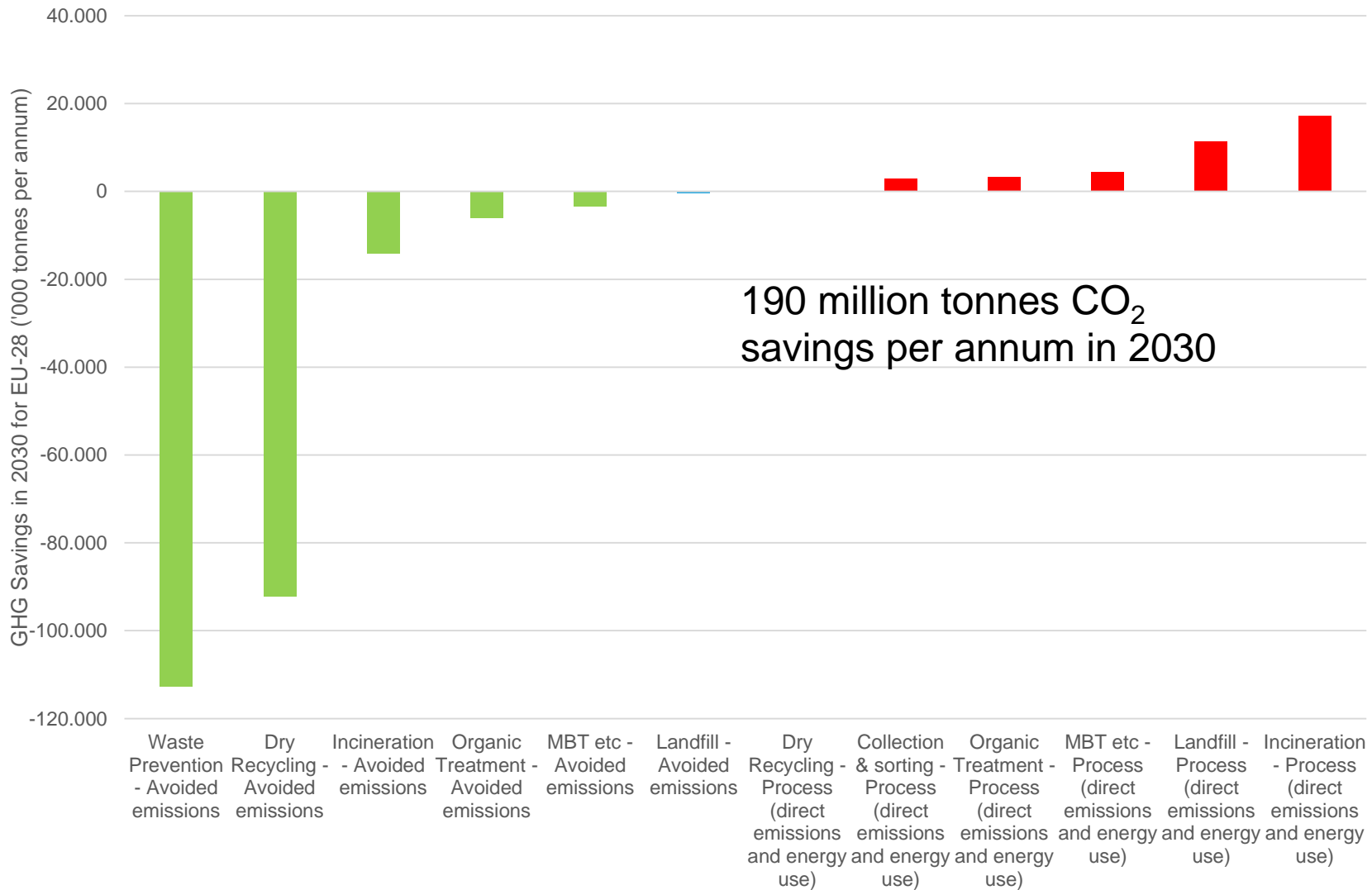
Chairman

Eunomia Research & Consulting Ltd

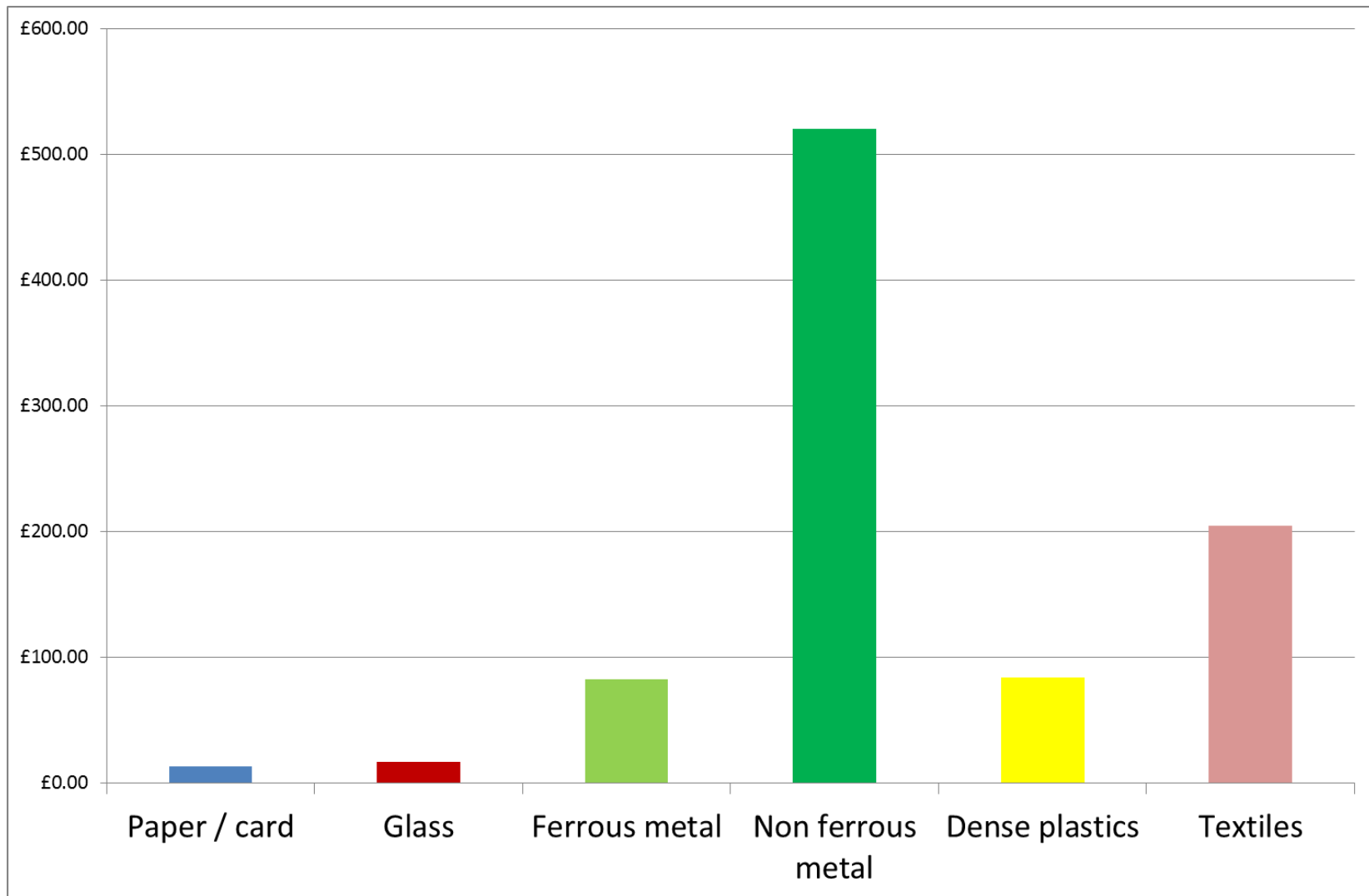
GHG Impacts (negative = GHG reductions)



EU-28 – Previous CE Package



External Benefits of Recycling



Source: *Eunomia*

Renewables Policy

- **Reconsider support mechanisms for renewable energy**
 - **Discontinue support for all forms of energy from residual waste**
- **Withdrawal of support for the utilisation, directly, of harvested biomass for renewable energy generation / renewable fuels**

Climate Change Policy

➤ **Revise inventories for GHGs:**

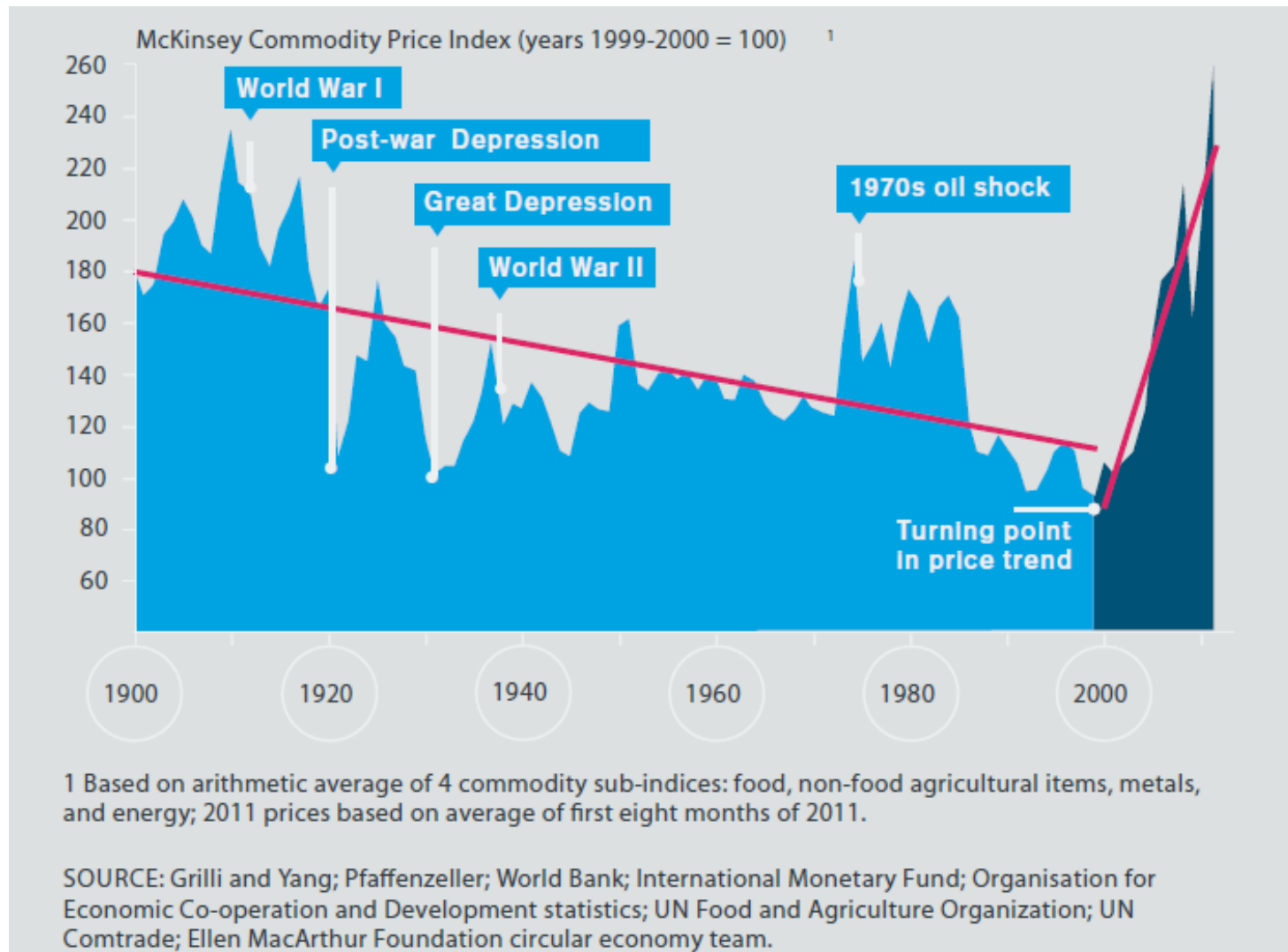
- ❑ **In the ‘waste’ section of the inventory, the estimated GHG benefits of recycling activity (including where materials collected for recycling are exported), and**
- ❑ **In the Industry chapter, the extent to which industries make use of recycled materials (and the implied level of emissions saving).**

➤ **Integrate ‘waste’ within the framework of European policies to tackle climate change. Either:**

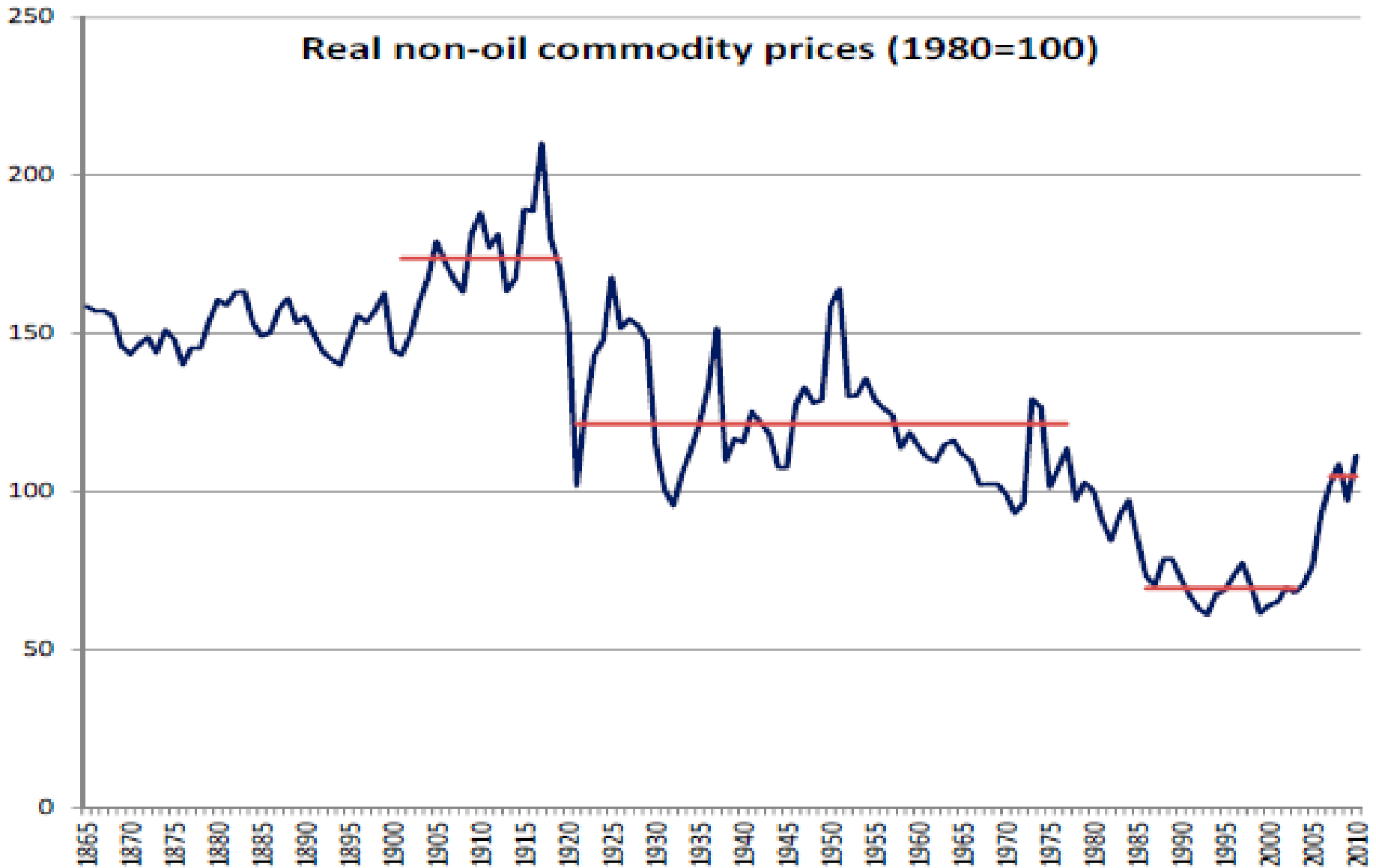
- ❑ **Integration within the EU-ETS; or**
- ❑ **Through the Effort Sharing Decision.**

Ensure benefits of recycling and preparation for reuse were adequately recognised

Commodity Prices as a Driver?

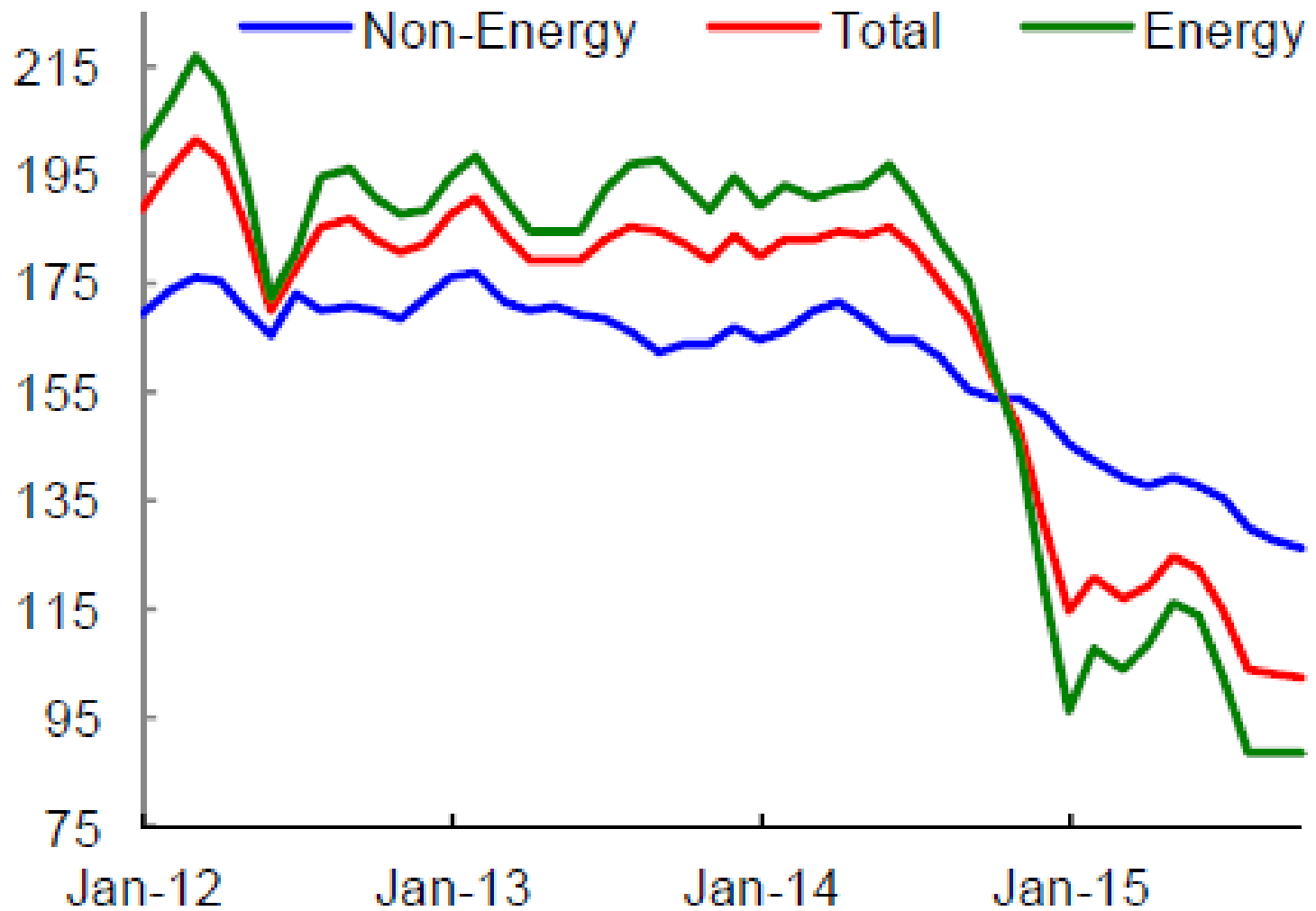


Source: Mckinsey



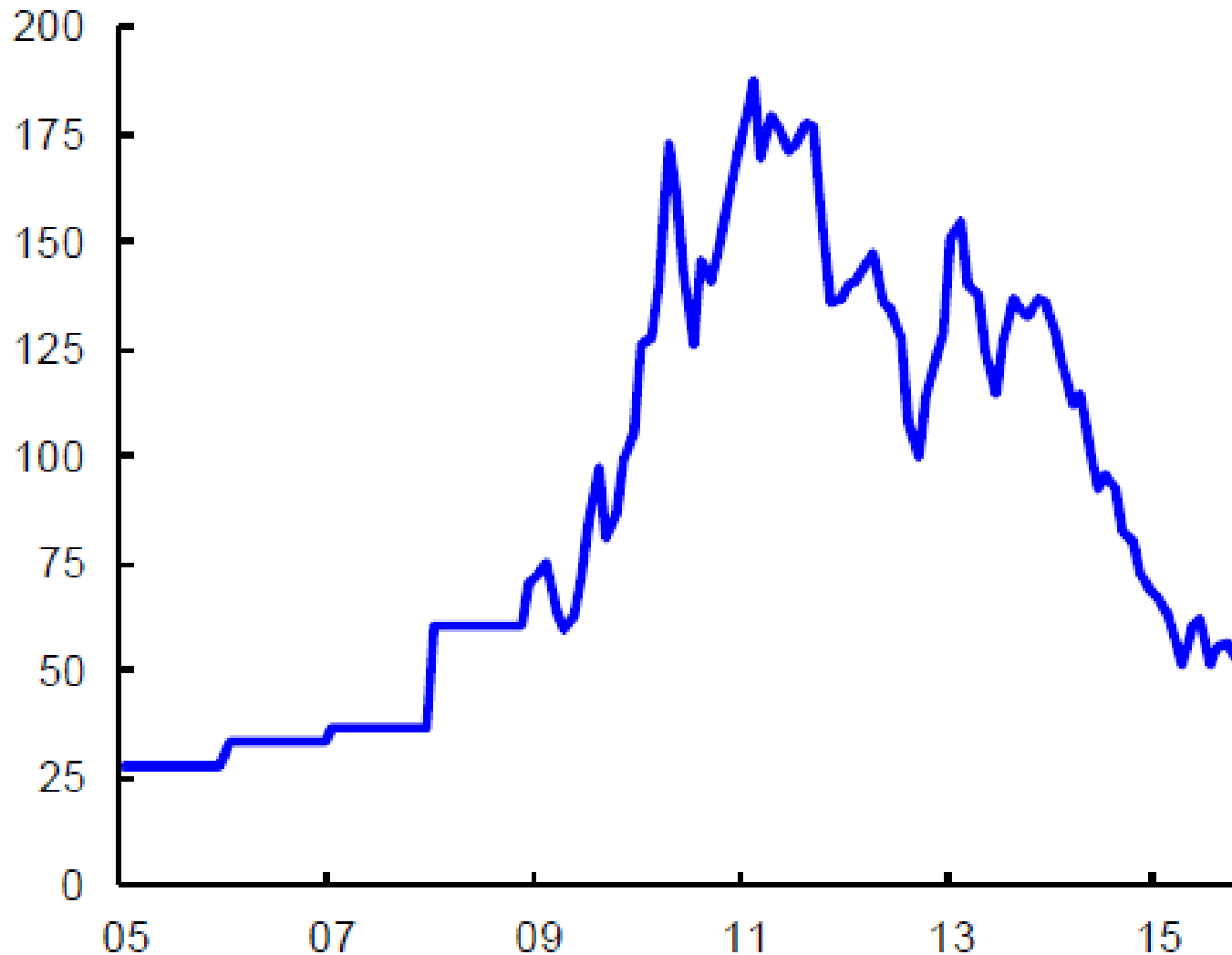
José Antonio Ocampo (2013) Super-cycles of Commodity Cycles of Commodity Prices Since the Mid-nineteenth Century, Presentation at the IMF, March 20 2013.

Since Jan 2012



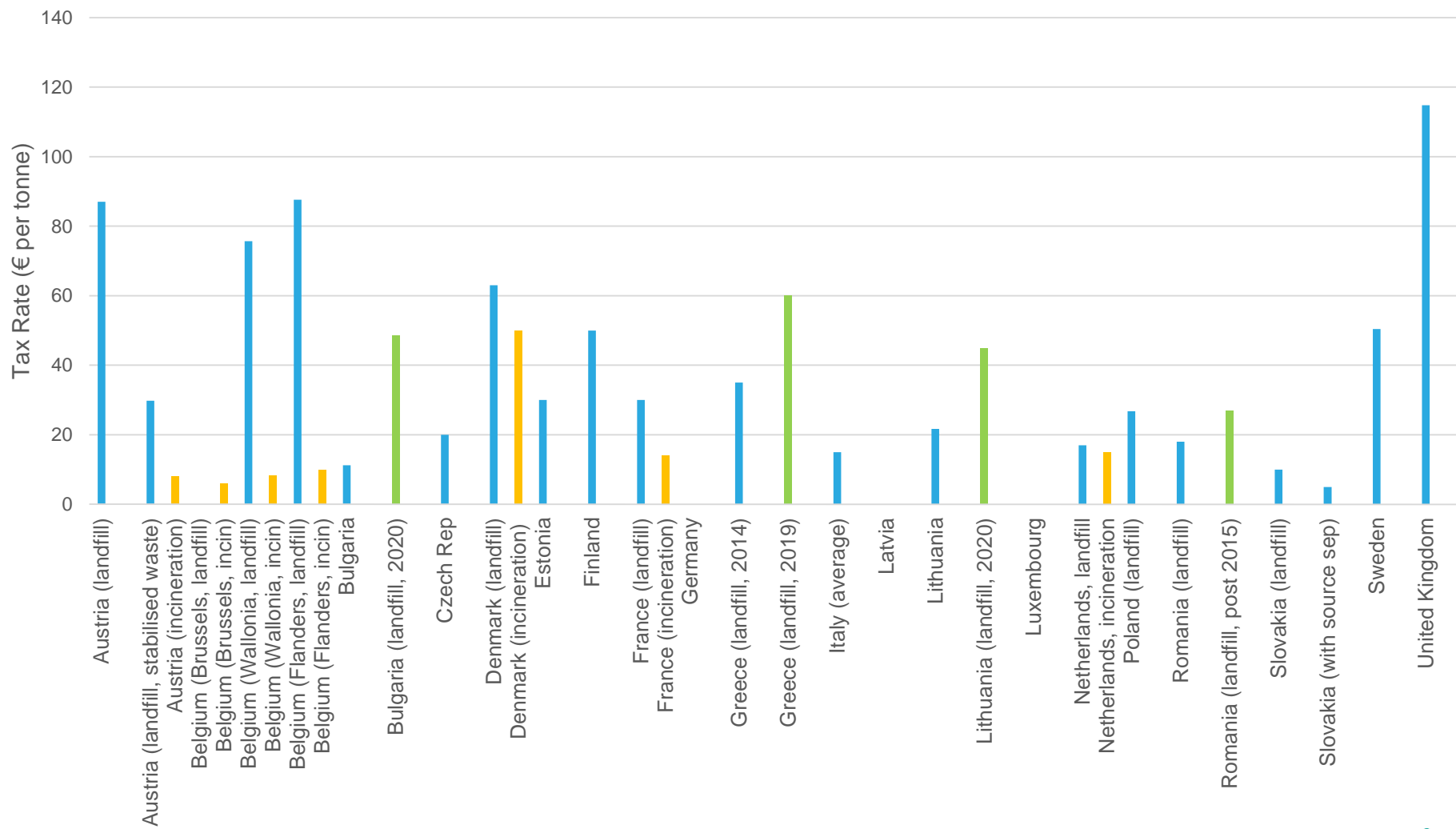
Source: IMF (Index, Jan 2005=100)

Iron Ore Prices Since Jan 2005 (\$/ton)



Source: IMF

Supply Side - Landfill and Incineration Taxes



Demand Side

- **Green Public Procurement**
 - **Services, not products?**
- **EPR**
 - **Producers take risk on material values)**
- **Stabilisation funds**
- **Resource taxation**

Resource Taxation

- **‘Only things of relatively low value that aren’t widely traded’**
- **Aggregates**
 - UK
 - Austria (regional)
 - Denmark
 - Sweden
 - Belgium (Flanders)
 - Italy (regional)
 - France (part of TGAP)
 - Latvia
 - Lithuania
 - Estonia
 - Slovenia
 - Czech Rep (‘fees’)
 - Hungary (royalties)

Resource Taxation

- **Others**

- Peat (Austria (regional), Estonia, Latvia, Lithuania)
- Amber (Lithuania)
- Portland cement (Malta)
- Oil shale (Estonia)
- Phosphate rock (Estonia)
- Crude oil, superior quality coal, low quality coal, uranium, thorium and other extractive activities (Romania)
- Medicinal mud (Latvia)
- Disposable cutlery (Belgium)
- Plastic bags (many)
- ODCs / CFCs (Czech Rep, Denmark, Latvia, Slovenia, Spain)
- Land use change (Czech Rep)
- PVC (Denmark)
- Pesticides (Denmark)
- N-Fertilisers (Denmark)

Resource Taxation

- **Others (cont/)**
 - Phosphate in feed (Denmark)
 - Batteries (Denmark)
 - Edible park snails (Latvia)
 - Tyres (many)
 - Mattresses / bedding (Malta)
 - Packaging (not always widely applied as taxes)
 - Packaging prevention levy (Belgium)
 - Chewing gum (Malta)
 - Soil pollution taxes (Aragon, Spain)
 - Transmission lines / mobile masts (Asturias, Canary Islands, La Rioja (Spain))
 - Water (not just 'charges')
 - Snow guns (water use) (Austria (regional))

An EU Wide Resource Tax

- **Differentiates:**
 - **By material type**
- **Targets:**
 - **Everything**
 - **Ores**
 - **Raw materials**
 - **Packaging**
 - **Products**
- **Paid by all those purchasing the above, or the first importer**

Dealing with Competitiveness

- **Border tax adjustment**
 - Main reason for EU-wide application
 - WTO compatible if:
 - Equal treatment (not trade distorting)
 - Fair
 - Mechanisms for producers to demonstrate superior performance....
 - verification mechanism required
- **Overcomes one of the main drawbacks of ETS**
 - No argument for exemptions related to 'leakage'
 - Energy intensive industries covered

What's the Prize?

- **Reduced resource consumption**
- **Increased use of secondary materials relative to primary**
- **Enhanced commercial logic of CE business models**
- **Potential source of revenue for funding natural capital**
- **Stimulates system-wide change**
- **Greater certainty in driving change (taxes are not so volatile as prices!)**



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