Tentative implications of overarching policy mix for resource efficiency

Webinar: “Results from the resource efficiency policy mix assessment: grand challenges for implementation”
28th October 2015

http://dynamix-project.eu/
OVERARCHING POLICY MIX – GUIDING VISION 2050

- All EU citizens enjoy high quality of life, production/consumption patterns shifted significantly
- Potentials for efficiency improvements and recycling have been fully exploited
- Consumers use low environmental, health and social impact products.
- Adaptable, long-lived, remanufacturable products are easily available and affordable.

Complex web of drivers, including:
- Population growth & Rising affluence
- Decreasing production prices
- Increasing pace of innovation
- Increasing consumer choices
- Infrastructure design
- Consumption patterns shaped by social norms, advertising and consumerist values

(Tan et al. 2013, EEA 2015)
### Overarching Policy Mix – Key Features

<table>
<thead>
<tr>
<th>Drivers</th>
<th>Objectives 2030</th>
<th>Instruments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rising affluence</td>
<td>Enabling translation of higher income levels to more leisure instead of additional consumption.</td>
<td>Labour market reform, including tax incentives and regulatory change.</td>
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<tr>
<td>Inadequate resource pricing, decreasing retail prices</td>
<td>Smart pricing – full cost pricing for resource provision, internalisation of externalities to the extent this is feasible.</td>
<td>Tax on material use and polluting activities for both producers and consumers.</td>
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<tr>
<td>Short product lifespans</td>
<td>Products have longer durability and operational lives.</td>
<td>Extended producer responsibility, international collaboration for more ambitious product standards.</td>
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<tr>
<td>Limited whole-life costing in investment decisions</td>
<td>Investors and consumers are aware of whole-life costs.</td>
<td>Price incentives for resource-efficient products through VAT reductions and feebates</td>
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<tr>
<td>Consumerist values fuelling consumption</td>
<td>Encourage responsibility <em>vis à vis</em> overconsumption as well as waste and end of life products</td>
<td>Step-wise restriction of advertising Enabling shift from consumption to leisure</td>
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</table>

Drivers, intermediate objectives and corresponding policy instruments; Ekvall et al. 2015
**CIRCULAR ECONOMY TAX TRIO**

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| combination of a virgin materials tax, a landfill tax and a waste incineration tax | (a) reducing raw virgin resources extraction  
(b) encouraging recycling  
(c) internalising externalities | - Importers taxed, exports from EU exempt  
- resource extraction tax on aggregates of €2.40/tonne by 2018 in all MS  
- landfill tax €90/tonne and incineration tax €15/tonne by 2020 in all MS |

**Qualitative assessment results**

| | Environmental impacts | Social impacts | Changes in employment in extractive vs. recycling industries  
Reducing health impacts (e.g. accidents)  
No GATT issues as instrument does not aim to protect domestic products |
|---|---|---|
| Reducing virgin material use, increasing use of recyclates  
Potential for burden shifting | Public acceptance | Legal feasibility |
| Competitiveness concerns  
Issues of fairness and use of tax revenues | |

**Legend**

- **Likely very positive**
- **Likely positive**
- **Likely neutral**
- **Likely negative**
- **Likely very negative**

**Potential lessons learnt**

- Use smart revenue recycling for easing opposition and winning support
# EU-wide Feebate Schemes for Selected Products

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<td>A common framework for bonus-malus schemes (incentivising purchase of environmentally beneficial products, penalising purchase of environmentally detrimental products) across the EU for specific products/product categories</td>
<td>(a) Shift consumer demand towards low emission and highly environmental products (b) Encourage producers to develop and supply more environmentally friendly products</td>
<td>- elasticity of offer and demand taken into account for cost-neutrality when setting the bonus-malus rates - household appliances prime focus - bonus-malus at point-of-sale ensures treating domestic production and imports equally</td>
</tr>
</tbody>
</table>

## Qualitative assessment results

- Reducing toxicity/resource intensity/GHG emissions
- Potential risk for rebound
- Rather easily understandable
- Maintaining freedom of choice
- Discriminating against malus-products

## Potential lessons learnt

- Make scheme budget neutral, trying to budget for anti-discriminating support measures
- Combine with green skilling to prepare for shifts on labour market
**Enabling Shift from Consumption to Leisure**

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<td>encouraging reduced working hours, e.g. longer statutory vacation times, flexible wage records</td>
<td>(a) Changing availability and affordability of consumption</td>
<td>- MS pilot policies after 2020, EU framework in 2030</td>
</tr>
<tr>
<td></td>
<td>(b) Countering (perceived) lack of time to consider and apply alternative lifestyles</td>
<td>- public sector and lower positions in hierarchy most suited for part time work</td>
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**Qualitative assessment results**

- Reduced ecological footprint
- Income-consumption effects outweigh potential substitution effects (more travel, convenience food, ...)
- Issues of paternalism/force, fairness and choice
- Risk for competitiveness

### Potential Lessons Learnt

- Combine with green skilling to prepare for shifts on labour market
- Make instrument voluntary
- Revise labour taxation systems to support low income households to shift

**Legend**

- Likely very positive
- Likely positive
- Likely neutral
- Likely negative
- Likely very negative

**Potential Impacts**

- Environmen-tal impacts
- Social impacts
- Public acceptance
- Legal feasibility

- Releasing labour market potentials
- Reducing stress levels
- Financial security (lower wages)?
- No GATT or EU treaty concerns; rather a matter of political feasibility
CONCLUSIONS & CHALLENGES

- In order to achieve envisaged environmental objectives, a step-wise and smart introduction with complementing measures is necessary.
- Use of economic instruments should be coupled with transparent revenue recycling.
- Assist labour force in adapting to changes.
- Foster individual/collective alternative lifestyles through support for voluntary initiatives.
- Speak about and diffuse lessons learnt from voluntary initiatives to encourage scaling-up.
- Create enabling framework conditions, e.g. labour taxation.

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THANK YOU VERY MUCH!

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