



DYNAMIX

Decoupling growth from resource use
and its environmental impacts

DYNAMIX – Dynamic policy mixes for absolute decoupling of economic growth from EU resource use and environmental impacts

“Policy station” overarching policy mix: Rationale, objectives and first results

Joint DYNAMIX/POLFREE Policy Platform *“An ambitious Circular Economy Package for Europe: realizing the social, economic and environmental benefits of resource efficiency in Europe”*

13/14 April 2015, Ateliers des Tanneurs, Brussels

<http://dynamix-project.eu/>

<https://twitter.com/EUResources>



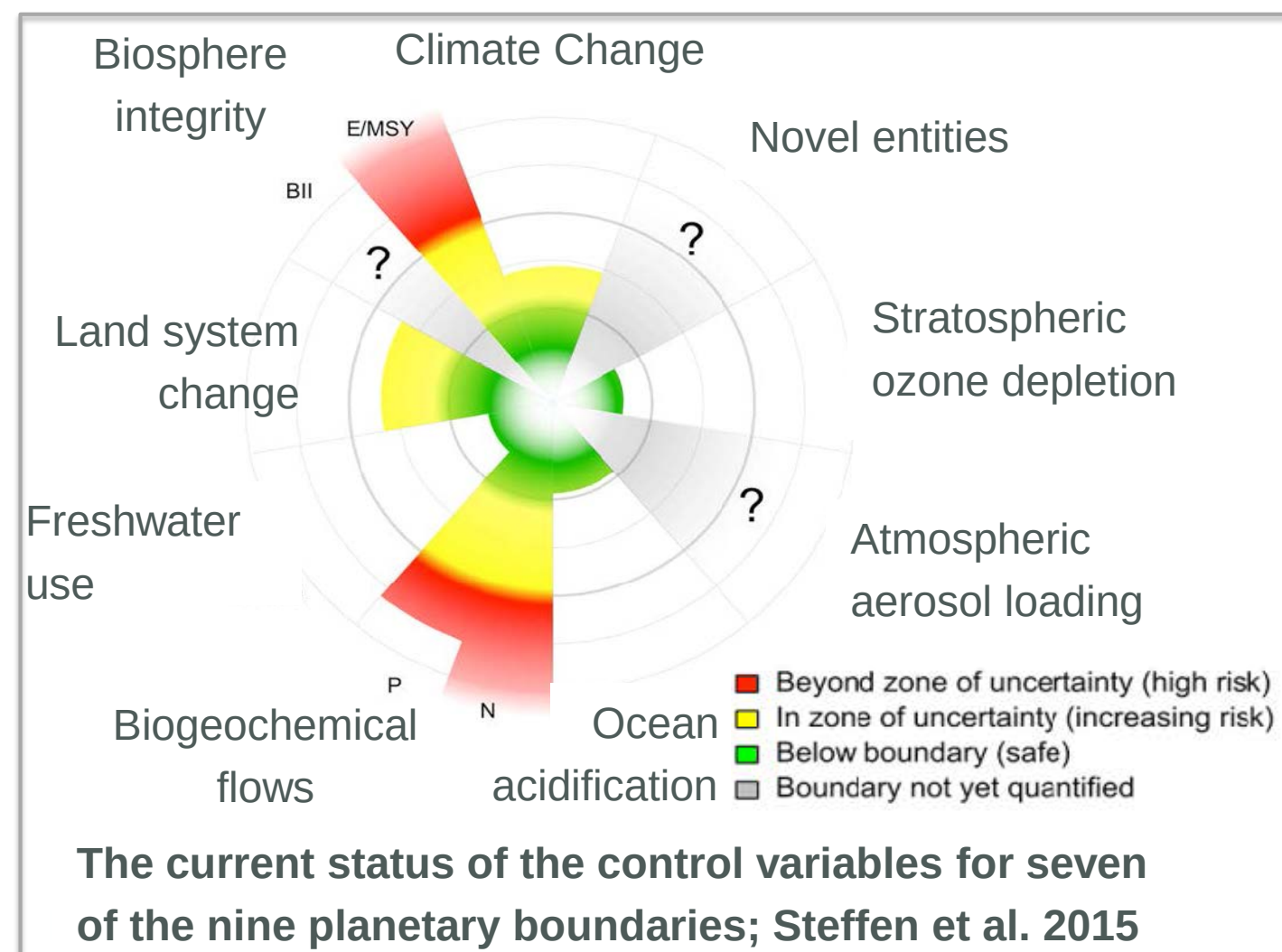
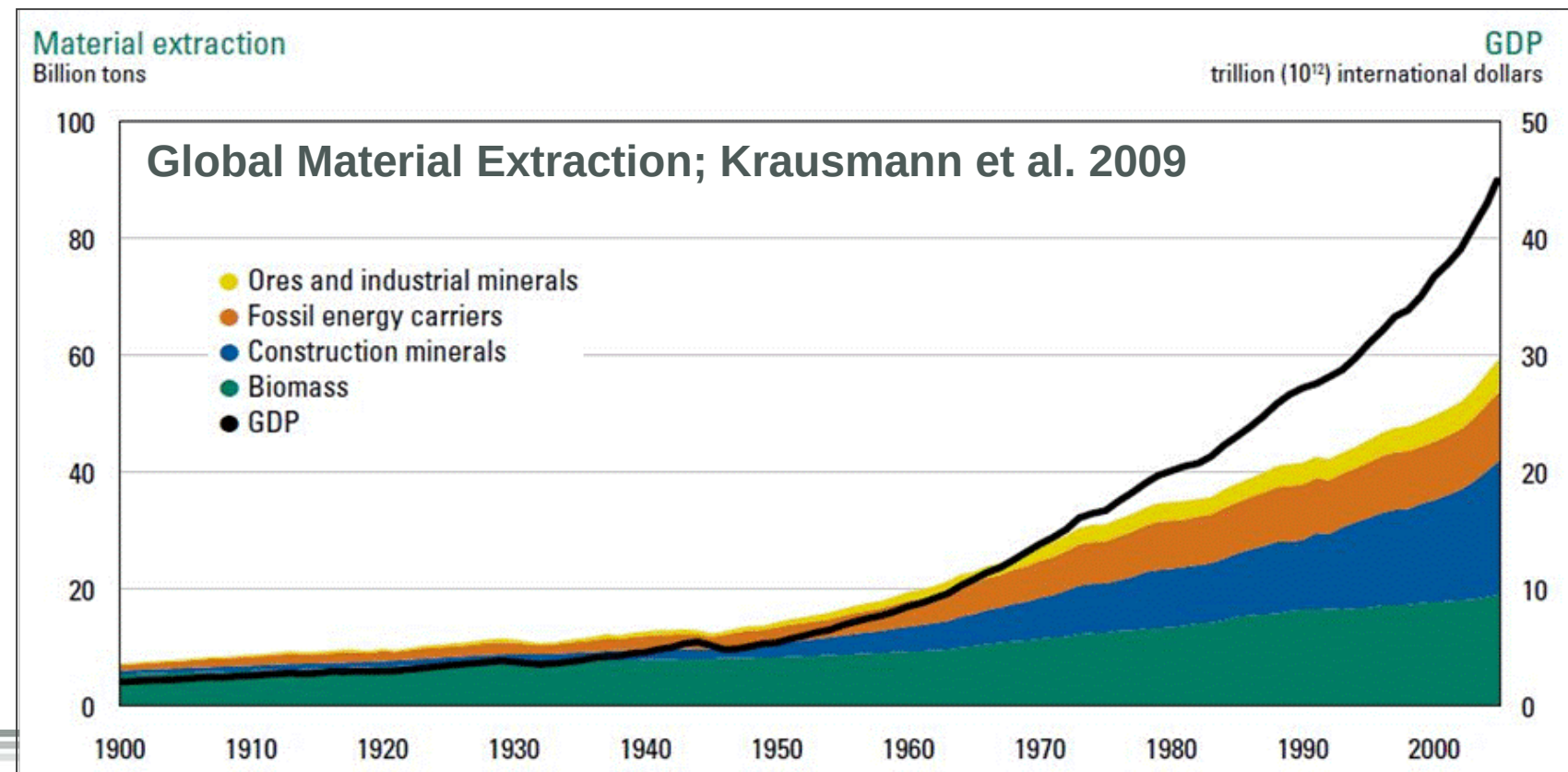
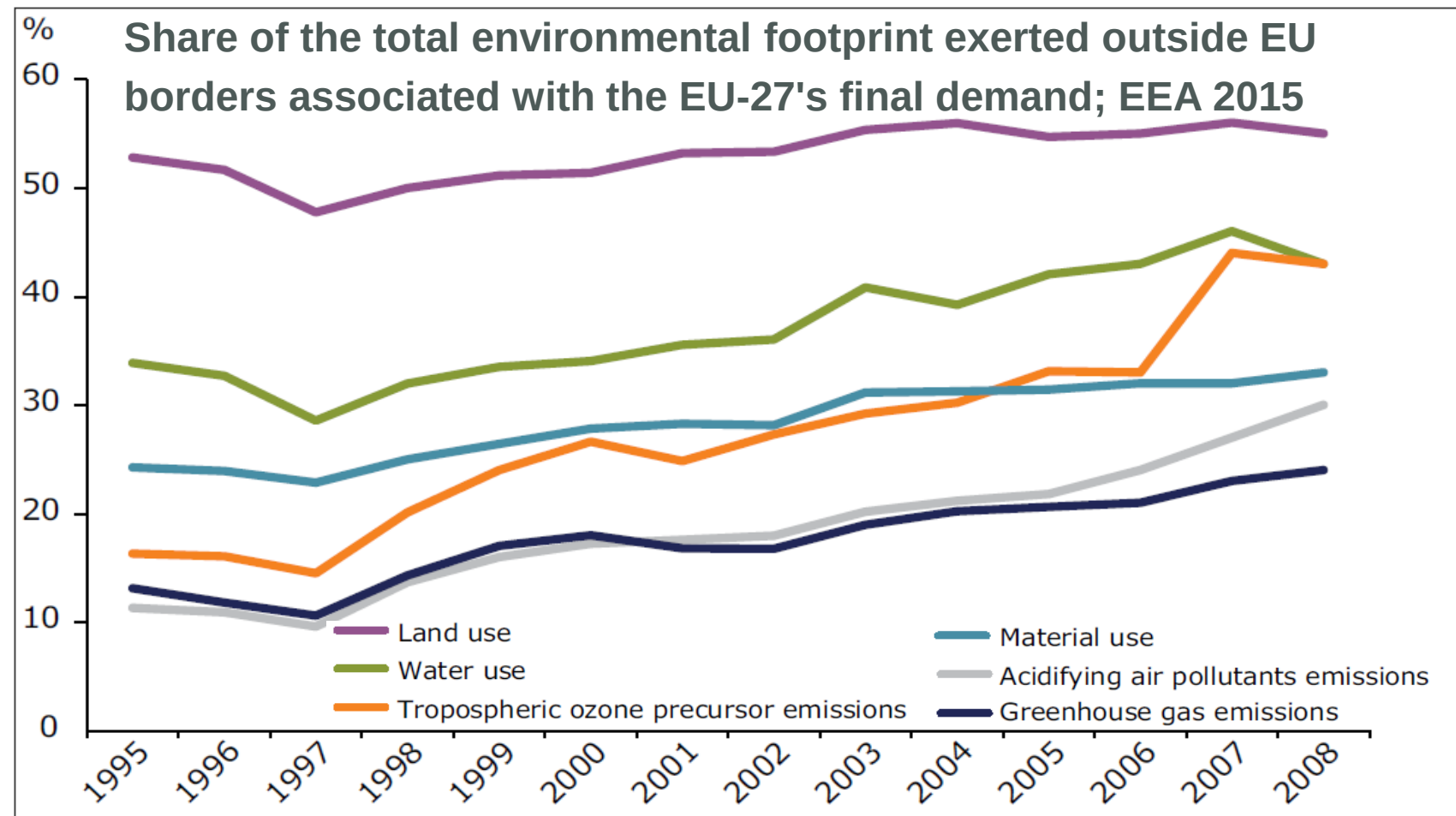
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OVERARCHING POLICY MIX - RATIONALE

Problem Situation

- EU's environmental footprint and material consumption continue to grow
- Planetary boundaries in danger of being further exceeded



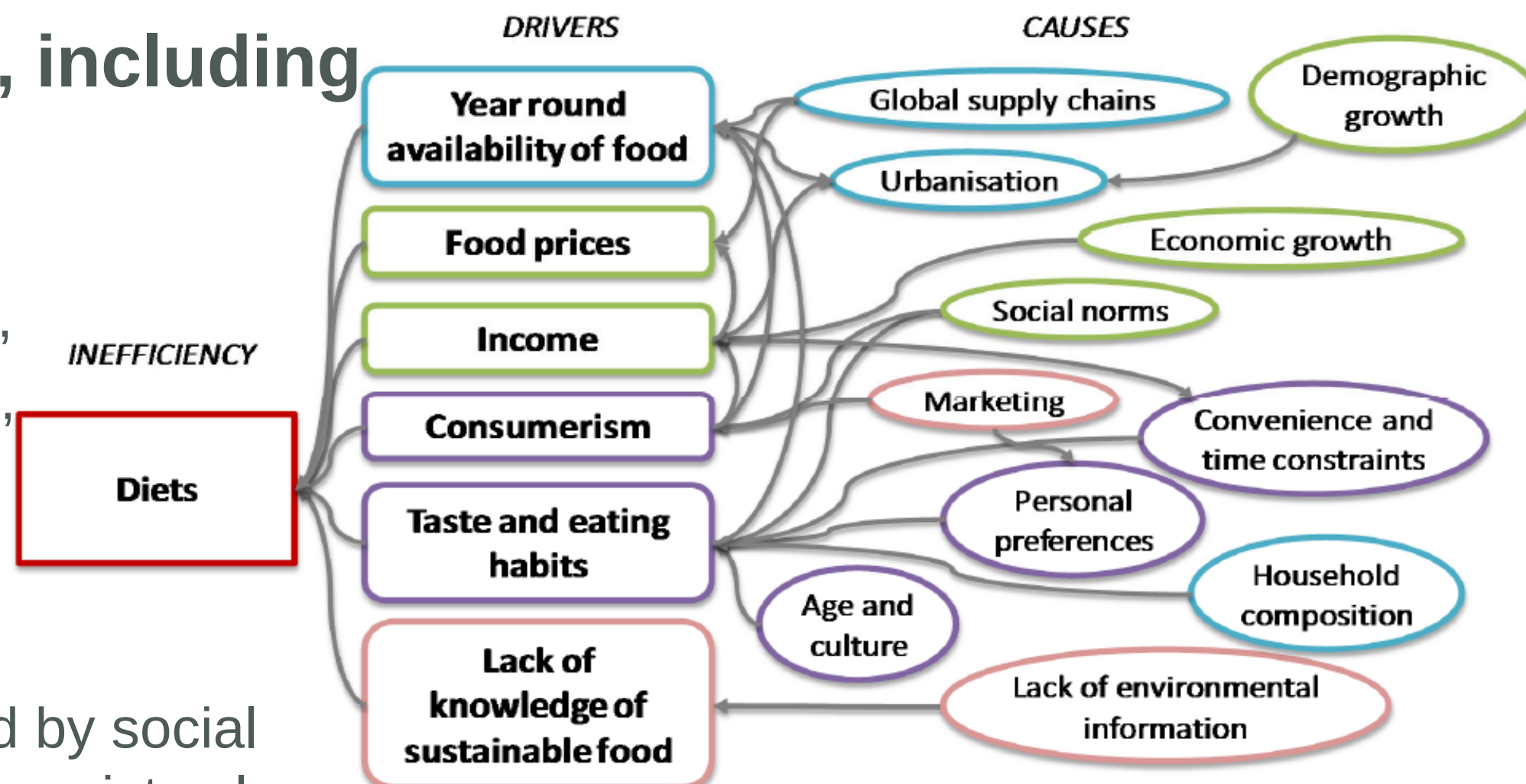
OVERARCHING POLICY MIX – GUIDING VISION 2050

- *All EU citizens enjoy high quality of life, while production and consumption patterns in the EU have 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
- Expansion of trade,
- Infrastructure design
- Consumption patterns shaped by social norms, advertising and consumerist values

(Tan et al. 2013, EEA 2015)



Drivers and causes to unsustainable diets and resource inefficient food choices; Tan et al. 2013

OVERARCHING POLICY MIX – KEY FEATURES

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

Drivers, intermediate objectives and corresponding policy instruments; Ekvall et al. 2015

OVERARCHING POLICY MIX – FIRST RESULTS

Circular Economy Tax Trio

Brief description	Objectives	Key assumptions
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

First assessment results

Reducing virgin material use Increasing use of recyclates Reducing GHG emissions Reducing land & water needs	Environmental impacts	Social impacts	Changes in employment in extractive vs. recycling industries Reducing health impacts (e.g. accidents)
Competitiveness concerns Issues of fairness and use of tax revenues	Public acceptance	Legal feasibility	GATT issues as regards national treatment principle due to taxing imports, but not exports

Legend	
	Likely very positive
	Likely positive
	Likely negative
	Likely very negative

Potential lessons learnt

- Use smart revenue recycling for easing opposition and winning support

OVERARCHING POLICY MIX – FIRST RESULTS

EU-wide introduction of feebate schemes for selected product categories

Brief description	Objectives	Key assumptions
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	(a) Shift consumer demand towards low emissions and highly environmental products (b) Encourage producers to develop and supply more environmentally friendly products	- elasticity of offer and demand taken into account for cost-neutrality when setting the bonus-malus rates - household appliances as prime - bonus-malus at point-of-sale ensures treating domestic production and imports equally

First assessment results

Assessment still outstanding

Rather easily understandable
Maintaining freedom of choice
Discriminating against consumers needing malus-products?

Environmental impacts

Social impacts

Fostering employment for innovation/innovative firms
Reducing health impacts

Public acceptance

Legal feasibility

Likely no GATT issues due to treating domestic production and imports equally

Legend

	Likely very positive
	Likely positive
	Likely negative
	Likely very negative

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

OVERARCHING POLICY MIX – FIRST RESULTS

Enabling shift from consumption to leisure

Brief description	Objectives	Key assumptions
encouraging reduced working hours, e.g. longer statutory vacation times, flexible wage records	(a) Changing availability and affordability of consumption (b) Countering (perceived) lack of time to consider and apply alternative lifestyles	- MS pilot policies after 2020, EU framework in 2030 -public sector and lower positions in hierarchy most suited for part time work

First assessment results

correlation between working hours and ecological footprint as well as energy consumption	Environmental impacts	Social impacts	Releasing labour market potentials Reducing stress levels Financial security (lower wages)?
Concerns of paternalism/force Issues of fairness and choice	Public acceptance	Legal feasibility	No GATT or EU treaty concerns; rather a matter of political feasibility

Legend

	Likely very positive
	Likely positive
	Likely negative
	Likely very negative

Potential lessons learnt

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