

# newTRENDS

## Stakeholder workshop

Policy instruments for circular economy and low-carbon industry in the EU

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# RESEARCH QUESTIONS

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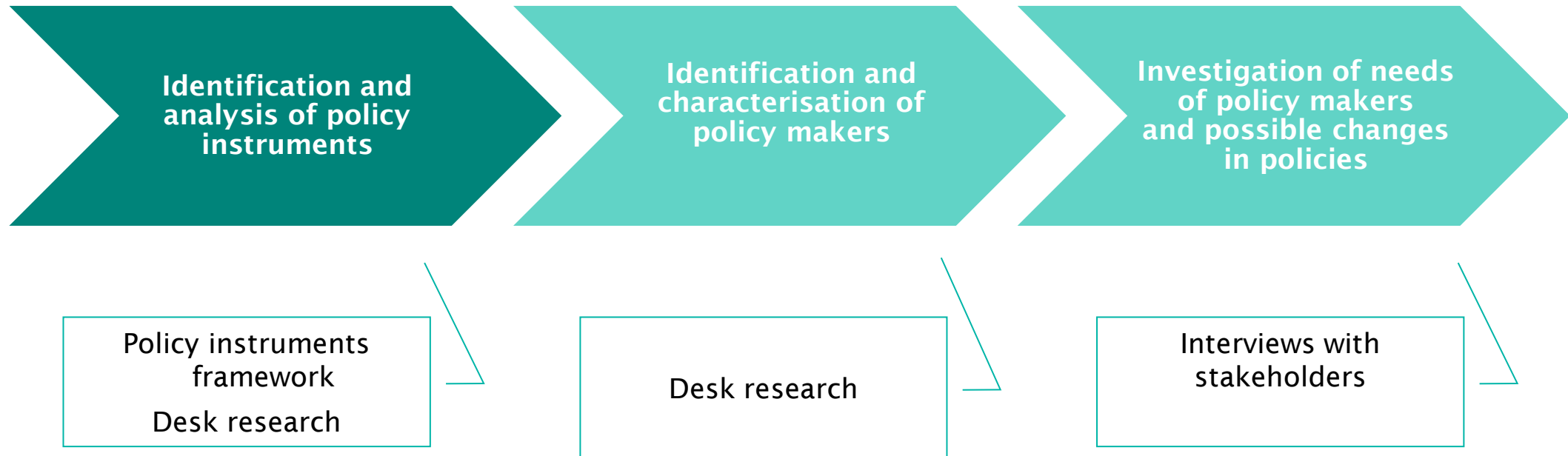
- What policy instruments does the EU use to support the transition towards circular economy and low-carbon industry?
- What are the demand-side policy needs at European level?



## Policy instruments

all rules and regulations, both formal and informal, that shape and determine the environment of a given trend

# METHODS - WORKFLOW



# METHODS: POLICY INSTRUMENTS FRAMEWORK

Policy area	Policy type	Policy instrument
Regulation	Codes/standards/ mandates	Building/grid codes and standards
		Product standards
		Sectoral standards
		Auditing
	Obligation schemes/quotas	Obligation schemes
	Other regulation	Carbon Emissions Reduction Target
Economic and financial instruments	Direct investment	Energy market regulations
		Government procurement
	Fiscal/financial incentives	RD&D funding
		Tariffs
		Grants and subsidies
		Loans/soft loans
		Taxes—tax relief/exemption
	Market-based instruments	User charges
		GHG emissions allowances trading scheme
Soft instruments	Performance labels	White certificates
	Information campaigns	Endorsement label
	Voluntary approaches	Negotiated Agreements (Public-private)
		Public Voluntary Schemes
		Unilateral Commitments (Private)



# EXISTING POLICY INSTRUMENTS IDENTIFIED AT EU LEVEL

## Regulations

Codes/standards/ mandates	Building/grid codes and standards	- Energy performance of building directive
	Product standards	- Eco-design Directive, Energy Labelling Regulation, Harmonised European Standards - General product safety directive - Construction Products Regulation (CPR)
	Sectoral standards	- <b>Waste Framework Directive</b> - A hydrogen strategy for a climate-neutral Europe
	Auditing	- The monitoring framework for the circular economy [COM(2018)29]
Obligation schemes/quotas	Obligation schemes	- <b>Waste Framework Directive</b> - <b>Directive on packaging and packaging waste</b> - <b>The Directive on the landfill of waste</b> - Directive 2018/849
	Carbon Emissions Reduction Target	- <b>EU ETS</b>
Other regulation		- <b>The EU action plan for the Circular Economy</b> - The Raw Material Initiative - The Strategy for plastics
	Energy market regulations	- The Internal energy market - The Energy Union - The <b>Clean energy package</b>

# EXISTING POLICY INSTRUMENTS IDENTIFIED AT EU LEVEL

## Economic and financial instruments

Direct investment	Government procurement	- Green public procurement
	RD&D funding	- Horizon Europe
	Grants and subsidies	- European Regional Development Fund (ERDF) and Just Transition Fund (JTF)
	Loans/soft loans	- European Investment Bank
Market-based instruments	GHG emissions allowances trading scheme	- The EU Emissions Trading System
	White certificates	- The White certificates scheme

# EXISTING POLICY INSTRUMENTS IDENTIFIED AT EU LEVEL

## Soft instruments

Performance labels	Endorsement label	- Energy Label, CE marking, WEEE label
Voluntary approaches	Negotiated Agreements (Public-private sector)	- Bio-based Industries Joint Undertaking - Fuel Cells and Hydrogen Joint Undertaking - Sustainable Process Industry through Resource and Energy Efficiency (SPIRE) - European Technology and Innovation Platforms (ETIPs)
	Public Voluntary Schemes	- Green public procurement
	Unilateral Commitments (Private sector)	- The Ecolabel - The Circular Plastic Alliance

# EMERGING NEW POLICY INSTRUMENTS AND POTENTIAL CHANGES IN THE EXISTING ONES

## Regulations

Codes/ standards/ mandates	Product standards	<ul style="list-style-type: none"> <li>- Introduction of new product standards based on a Life Cycle Assessment (or similar)</li> <li>- Industry-led industrial symbiosis reporting and certification system</li> <li>- Circular Electronics Initiative, common charger solution, and reward systems to return old devices</li> <li>- New regulations on batteries</li> <li>- New regulations of waste oils</li> </ul>
	Sectoral standards	<ul style="list-style-type: none"> <li>- Review of the Directive on the restriction of the use of certain hazardous substances in electrical and electronic equipment</li> <li>- New regulations on end-of-life vehicles</li> <li>- Review of regulations on packaging (reduction of overpackaging)</li> <li>- Restriction of intentionally added microplastics and measures on unintentional release of microplastics</li> <li>- <b>Policy framework for bio-based plastics and biodegradable or compostable plastics</b></li> <li>- EU Strategy for Textiles</li> <li>- EU-wide harmonised model for separate collection of waste and labelling to facilitate separate collection</li> <li>- Scoping the development of further EU-wide end-of-waste and by-product criteria</li> <li>- Revision of the rules on waste shipments</li> <li>- Regulatory framework for the certification of carbon removals</li> <li>- Leading efforts towards reaching a global agreement on plastics</li> <li>- Proposing a Global Circular Economy Alliance</li> <li>- Mainstreaming circular economy objectives in free trade agreements and in EU external policy funding instruments</li> </ul>



# EMERGING NEW POLICY INSTRUMENTS AND POTENTIAL CHANGES IN THE EXISTING ONES

## Regulations

Codes/ standards/ mandates	Building/grid codes and standards	<ul style="list-style-type: none"> <li>- EPBD: Long-term renovation strategies</li> <li>- Strategy for a Sustainable Built Environment</li> </ul>
	Auditing	<ul style="list-style-type: none"> <li>- Obligation for large companies to perform energy / sustainability audits on regular basis</li> <li>- Methodologies to track and minimise the presence of substances of concerning recycled materials</li> <li>- Updating the Circular Economy Monitoring Framework (include indicators on resource use, including consumption and material footprints)</li> </ul>
Obligation schemes/quotas	Obligation schemes	<ul style="list-style-type: none"> <li>- Introduction of mandatory shares of recycled plastic content in certain products</li> <li>- Waste reduction targets for specific streams</li> <li>- <b>REDII proposal</b> – new obligations for industry</li> </ul>
Other regulation		<ul style="list-style-type: none"> <li>- <b>Roadmap to a Resource Efficient Europe</b></li> <li>- Sustainable product policy initiative</li> <li>- Measures establishing a new “right to repair”</li> </ul>

# EMERGING NEW POLICY INSTRUMENTS AND POTENTIAL CHANGES IN THE EXISTING ONES

## Economic and financial instruments

Direct investment	Government procurement	- Green public procurement become obligatory
	Grants and subsidies	- Revision of the guidelines on state aid in the field of environment and energy
Market-based instruments	GHG emissions allowances trading scheme	- <b>Review of the Industrial Emissions Directive</b>
Fiscal/financial incentives	Tariffs	- <b>Carbon Border Adjustment Mechanism</b>
	Taxes—tax relief/exemption	- <b>Energy Taxation Directive</b> - <b>Green claims</b>

# EMERGING NEW POLICY INSTRUMENTS AND POTENTIAL CHANGES IN THE EXISTING ONES

## Soft instruments

Performance labels	Endorsement label	<ul style="list-style-type: none"><li>- LCA Certificate being obligatory for products</li><li>- Harmonised information systems for the presence of substances of concern</li></ul>
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# POLICIES – RELEVANCE FOR THE CONSTRUCTION SECTOR

## Waste framework directive

### Waste hierarchy



## Ecodesign

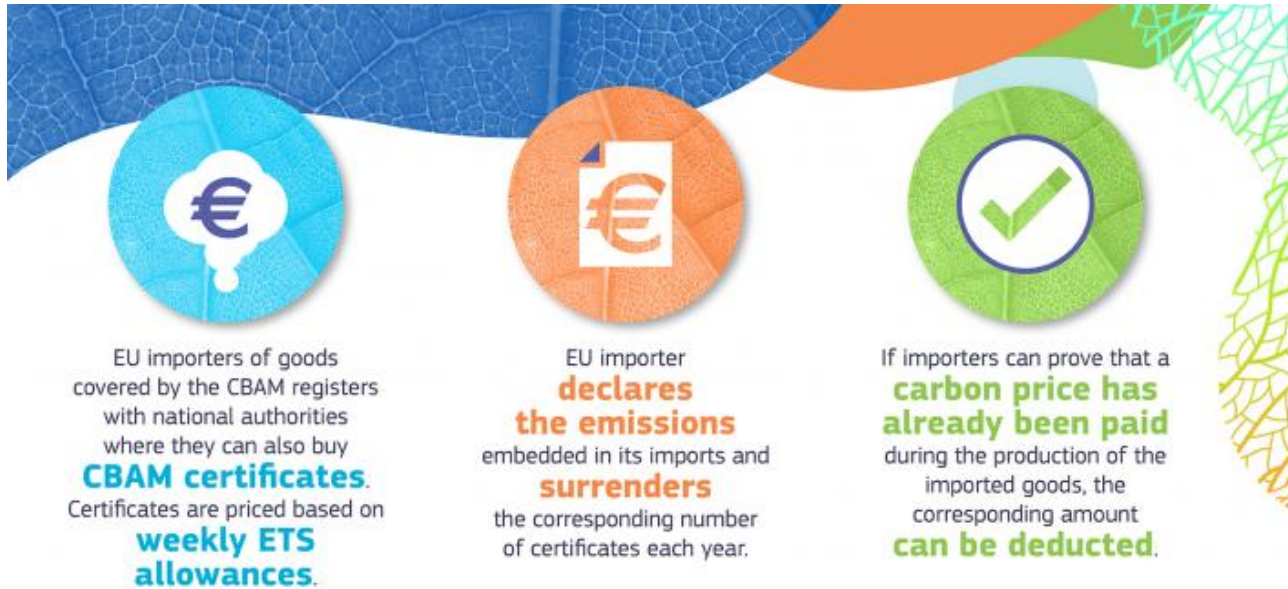
- integration of environmental considerations into the product and service design and development
- Lifecycle: source, transport, manufacture, packaging, distribution, use, end of life
- Resources: materials, energy, water, waste, pollution, social issues

Source: [https://ec.europa.eu/environment/topics/waste-and-recycling/waste-framework-directive\\_en](https://ec.europa.eu/environment/topics/waste-and-recycling/waste-framework-directive_en)

# POLICIES – RELEVANCE FOR THE CONSTRUCTION SECTOR

## Carbon Border Adjustment Mechanism

## Energy taxation



#EUGreenDeal



- Fuel tax based on the energy content and environmental performance
- No exemptions for fossil fuels used for home heating
- Termination of excise duty exemptions for fuels used in aviation and maritime

Source: [https://ec.europa.eu/taxation\\_customs/green-taxation-0/carbon-border-adjustment-mechanism\\_en](https://ec.europa.eu/taxation_customs/green-taxation-0/carbon-border-adjustment-mechanism_en)

# STAKEHOLDERS

## DG Environment

- Eco-design Directive, Waste Framework Directive
- COM(2018)29 - a monitoring framework for the circular economy
- Directive on the landfill of waste
- Directive on packaging and packaging waste, Directive 2018/849
- EU action plan for the Circular Economy
- Roadmap to a Resource Efficient Europe
- Strategy for Plastics
- Green public procurement
- WEEE label

## DG Clima

- EU ETS
- Effort Sharing Regulation
- LULUCF

## DG Energy

- Energy performance of buildings directive
- Energy Labelling Regulation
- Internal energy market
- Energy Union
- Clean energy package
- White certificates

## DG Grow

- Energy Labelling Regulation
- Harmonised European Standards
- Construction Products Regulation
- Public Procurement Strategy
- Raw Materials Initiative
- Just Transition Fund
- CE marking
- Circular Plastics Alliance

## DG RTD

- Horizon Europe
- Bio-based Industries Joint Undertaking
- Fuel Cells and Hydrogen Joint Undertaking
- European Technology and Innovation Platforms (ETIPs)

## DG REGIO

- European Regional Development Fund

## DG JUST

- General product safety directive

## DG TAXUD

- Carbon Border Adjustment Mechanism and Energy Taxation Directive

# STAKEHOLDERS NEEDS – INSIGHTS FROM INTERVIEWS

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- Energy demand models as a useful tool supporting designing new policy instruments:
  - analysis of cross-sectoral measures and instruments
  - new energy sources (e.g. hydrogen)
  - interlinkages between sectors and players
- Detailed results for modelling policies dedicated to specific industry sectors are needed
- Financial aspects:
  - costs (both OPEX and CAPEX) of policy instruments implementation
  - optimal financial mix (private/ public sources) for delivering given goals
- Models documentation:
  - Better understanding of models limitations, assumptions done and uncertainty levels
  - Comparison of models developed by different teams should be available
  - Interoperability and transposing datasets between models



# DISCUSSION

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- Which policy instruments are the most impactful / important for transition towards circular economy & low-carbon industry? Why?
- How do you assess the potential impact of the emerging policy instruments on the transition towards circular economy & low-carbon industry:
  - Waste framework directive
  - Carbon Border Adjustment Mechanism
  - Energy taxation
  - Ecodesign
- Which policy instruments are missing / should be introduced?