



# Circular Economy Portugal

Por uma sociedade sem desperdício

## Response to the public consultation on the New Circular Economy Action Plan Roadmap

**Circular Economy Portugal (CEP) welcomes the development of an ambitious Circular Economy Action Plan, establishing a strong regulatory framework and positive market incentives to steer production and consumption away from natural resource use and environmental degradation, but towards waste prevention and ecological regeneration.**

A systemic approach and cross-sectoral policy are crucial to fundamentally transform current linear practises and transition to a truly circular economy. This requires decelerating the socio-economic metabolism through an absolute reduction of the total quantity of raw materials that feed into our economy, by stimulating reuse, repair, remanufacturing, refurbishing, renovation and recycling.

The new Circular Economy Action Plan should incorporate the following priority elements:

**Objective to reduce natural resource use by 50% by 2030** (baseline 2017 levels): based on the total amount of raw material consumption of the EU<sup>1</sup> (incl. imports), complemented by a comprehensive set of environmental indicators (water, soil and air). This is necessary to effectively reduce the overconsumption of resources and respect ecological limits. The monitoring of this target should not only happen at EU level, but also national level, strengthened by circular cities commitments. Furthermore, the ambition to reduce pressure on natural resources should also be reflected in international trade agreements.

**Waste prevention target:** while reducing the input into the economy, also the output of the economy has to shrink, meaning a minimisation of waste disposal through landfilling and incineration. A cap on the level of municipal (residual) solid waste in kg per capita per year would be a strong driver for waste prevention through reduce and reuse strategies. Specific sectoral targets could be formulated for key areas such as for food waste, construction waste, industrial waste, and packaging waste. Instruments such as *Extended Producer Responsibility* schemes (incl. eco-modulation of fees) and *Deposit Return/Refill Systems* could help achieve a waste prevention target, but only if implemented properly with a focus on (preparation for) reuse, rather than only recycling, and involving civil society stakeholders.

**Tax shift from labour to virgin material use:** taxes on natural resources and pollution should be increased while the revenues should be used to lower the tax burden on labour and increase (social) spending. Such tax reform creates incentives to save resources and the natural world. It also enables job creation and supports those who need it most. Based on the polluter pays principle, externalities leading to environmental degradation should be reflected in the prices of goods (e.g. meat). At the same time, a minimum VAT rate on repair services and second-hand goods across the EU would strengthen the reuse sector significantly.

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<sup>1</sup> This could be based on the domestic material consumption, which measures the total amount of materials directly used by an economy and is defined as the annual quantity of raw materials extracted from the domestic territory, plus all physical imports, minus all physical exports. However, it is important to also consider the environmental footprint of imported goods.

**Stricter enforcement of environmental legislation:** improved monitoring and control as well as hard sanctions are needed to act as a deterrent for polluting or exploitative practises such as illegal waste trade to developing countries. Prosecutions of violations of the environmental regulations should be more pro-active and penalties should be high enough to effectively deter non-compliance. Otherwise companies will continue to circumvent the rules, leading to environmental degradation. To achieve this, the Commission could support Member State with market surveillance and enhance cross-border cooperation.

**An integrated product policy framework:** addressing environmental impacts throughout the entire supply chain, from sourcing, production, (re)use to recycling. At the heart of an integrated product policy framework is circular design (minimum requirements), improving durability, repairability and recyclability, while eliminating hazardous substances. The worst performing products are removed from the market, also considering upstream environmental impacts such as deforestation. As a priority, the Commission should develop dedicated action plans for agri-food (ambitious Farm-to-Fork strategy leading to a sustainable food system with short supply chains), construction and textiles, addressing the specific challenges of these industries. In addition, a product information system is essential to disclose the environmental footprint<sup>2</sup> of products but also chemical properties and material-efficiency aspects to enable circular strategies and business models.

**Increased private and public investments sustainable circular solutions:** supported by various instruments such as a robust EU Taxonomy and Green Bond standard (avoiding greenwashing), as well as stricter EU-wide rules on corporate (financial) responsibility, transparency and due diligence. Sustainable procurement should be the norm for both public and private organisations. At the same time, subsidies that harm the environment (e.g. on fossil fuels) should be phased out.

**Strengthening a local, inclusive economy:** innovative, circular business models (product service systems, sharing and leasing) help accelerate the transition to circular economy. Particularly social enterprises, active in (preparation for) reuse and repair, play a vital role to close the loop locally and offering employment to vulnerable people.

A regional approach (for reuse or recycling) also makes sense based on the proximity principle: Member States have to deal with their own waste as close to the source as possible, based on the waste hierarchy, rather than exporting to developing countries. This should then also apply to the sourcing of secondary materials and production of goods. Eventually, the transition to a circular economy is an opportunity to regenerate European industries, while following the highest possible environmental and social standards, while creating jobs and value for the economy.

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<sup>2</sup> Also covering complex indicators such as indirect land use change (habitat loss), biodiversity, (eco)toxicity, GHG/embodied energy, and (a)biotic depletion potential.