

# End of fossil fuel subsidies first step of circular economy

Written by **Piernicola Pedicini** on 26 June 2015 in **Opinion**

**Encouraging the reuse of materials and extending product life expectancy are crucial to implementing the circular economy, says Piernicola Pedicini.**



The transition from a linear economy to a circular one is an economic and environmental necessity which must be implemented as a matter of urgency.

Our planet's resources must be safeguarded through more sustainable and efficient use, which would also reduce Europe's resource dependency and create new green jobs.

The first step in this direction must be the elimination of all environmentally harmful subsidies, in particular direct and indirect fossil fuels.

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According to a study by the international monetary fund, in 2015, the EU spent €330bn in fossil fuel subsidies.

The same study highlights that eliminating subsidies in 2015 would allow governments to save €2.9bn - 3.6 per cent of GDP - cut CO2 emissions by over 20 per cent and reduce premature deaths linked to air pollution by 55 per cent - saving 1.6 million lives.

Targets and indicators are key tools for monitoring the consumption of resources throughout their entire life cycle and boosting the circular economy. The cascading use of resources and the waste hierarchy principles should also fully apply to resource consumption.

A product's life expectancy is mostly determined at the ecodesign stage, therefore ecodesign and product policy standards need to be developed for all products, making sure they are all easy to reuse, repair, recycle and dismantle.

We should promote economic measures to incentivise producers to use fewer resources and reuse and recycle materials, as well as make goods that last longer.

At the same time, clear policy action must be taken to combat obsolescence and extend the minimum warranty period.

The commission's upcoming package on the circular economy and the revision of waste legislation must focus on the waste hierarchy and promote prevention and reuse.

Member states should introduce mandatory separate collection schemes to guarantee the quality of recycled materials, requirements for producers' responsibility, and apply 'pay as you throw' and 'the polluter pays' principles, in order to encourage citizens and manufacturers to reduce their waste.

The reuse sector has enormous potential in terms of reducing waste and creating green local jobs. One third of municipal waste could be reused if we made it more economically convenient to reuse materials rather than recycling or incinerating them, or dumping them in a landfill.

Therefore, a reuse target is necessary, in order to increase access to reusable materials and help all actors of the waste chain cooperate with reuse centres and networks.

Incineration and landfilling of waste should be phased out as soon as possible and all related subsidies banned - in a circular economy, there is no room for such methods.

The building sector also plays an important role in the circular economy and we must develop resource efficiency indicators, methods and standards for it.

The renovation of existing buildings should be the preferred option, followed by demolition methods which allow the recovery of materials for further reuse and recycling.

Construction materials should also be subject to environmental declarations, as is already the case for the wood sector. In order to better manage construction and demolition waste, member states should implement national plans and report back to the commission.

We look forward to seeing an ambitious proposal from the commission, with clear measures to get the circular economy underway.

### **About the author**

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