Influencing consumer behaviour towards the circular economy

Joint GLOBE EU/CLG Europe event

28.02.2022
Ioannis Bakas, EEA
The role of consumers in a circular economy

- Industrial production systems not only respond to demand but also shape demand.
- But consumers do have choices to make that affect the uptake of CE.

Need for a **systematic** understanding of consumer behaviour for designing **informed and effective** consumer policy making.
Choices matter

Purchase → Use and maintenance → Discard

Circular behaviour ↔ Linear behaviour
How do we decide?

Economics

Fit between needs and offering

Information used for choice

Preferences and beliefs

Social
Policy example affecting economic factors

1. **Policy Measure**
   - Taxation favouring circular alternatives

2. **Policy Objective**
   - favour purchase of circular products and of repair

3. **Description**
   - Reduce taxes for circular alternatives
     - e.g. VAT exemptions or reductions for repair services.
   - Impose additional taxes/levies to linear alternatives
     - e.g. tax on non-recycled plastic packaging, or on virgin materials.

4. **Behavioural Change Stimulation**
   - Impact consumers' decisions directly
     - through the reduction of the perceived differences in prices between circular and linear alternatives.
   - Implemented at purchase stage
     - when comparing two products
   - and use stage
     - when comparing repair to acquiring new product

5. **Anticipated Effectiveness**
   - Potentially limited, due to
     - (a) the restricted domain of action
       - e.g., if VAT is 10%, the impact on final prices may not be visible)
     - (b) if businesses adjust the prices
       - in response to this measure
       - e.g., repair shops charge a higher margin, with no impact on final price for consumers.

6. **Ease of Implementation**
   - Challenging from administrative point of view.

7. **Implementation Across Countries/Regions/EU**
   - By each Member State/region, according to own fiscal policy.

---

The imposition of taxes on virgin materials/products with insufficient recycled content requires some EU-wide coordination to prevent tax avoidance, as well as border adjustment measures (analogous to those envisaged for GHG emissions).
Thank you!

ioannis.bakas@eea.europa.eu