

Should the EU Economy become More Circular?

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The environmental impacts of extractive and disposal activities motivate recent policy efforts in the EU towards a more dematerialized and circular economy. The latest initiative in this direction is the Revised Circular Economy Package, which is an extensive policy package that includes the “EU Action Plan for the Circular Economy” (EC, 2015) and a set of legislative proposals on waste. While these policies may help fostering material efficiency, they may turn out to have negative impacts on sectors’ competitiveness. Moreover, they can negatively affect income distribution because of the regressive nature they tend to have. This motivates the analysis performed in the present paper, which aims at providing a qualitative assessment of the economic effects of the existing EU policy framework for a more circular economy. From a methodological point of view, the analysis investigates the policy package and scrutinizes its effectiveness, its efficiency and its political feasibility. The analysis is underpinned by an overview of the main types of externalities arising from extractive and disposal activities in the EU and by corresponding empirical evidence about their magnitude.

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