CIRCULAR ECONOMY - SLOW TRANSITION IN EU MEMBER STATES

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Abstract:

This paper presents arguments regarding the security of implementing green public procurement at the European level. To conduct the study, the author approaches applicable traditional research methods: the monographic method, document analysis, comparison, trend analysis, etc. The conclusions arise as a result of the analysis of international documents, guidelines, and case studies, as well as reflection in order to provide for public spending on the procurement of products, services, and project care, promoting sustainable use.

Keywords: *circular economy, circular procurement, sustainable development, sustainable public procurement, green procurement*

JEL Clasification: H6; O3, Q01.

Introduction

The improvement and enhancement of public procurement practices is one of the key priorities of public authority management. The reasons for improvement stem from the reorientation of public policies aimed at reducing budgetary expenditures and decreasing the level of fraud associated with them, thus ensuring the acquisition of quality goods, works, and services under conditions of limited financial resources. Additionally, changes in the types of public procurement have led to a significant shift, namely the emergence of new approaches for sustainable procurement, whose contributions address issues of social, economic, and environmental development for both domestic and international enterprises.[1] Circular public procurement represents a solution for reducing public spending and protecting the environment, applied in many European countries.

Description of the problem

This paper presents arguments in support of the implementation of Circular Public Procurement at the European level.Thus, in the public sector, public services will be modernized with solutions for added value for money and better growth opportunities will be offered to companies[4].

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Metodology and Data

To carry out the study, the author applied traditional research methods: the monographic method, document analysis, comparison, trend analysis, etc. The conclusions arise as a result of the analysis of international documents, guidelines, and case studies, and reflect that circular public procurement aims to spend public funds on the purchase of products, services, and projects that promote sustainable development.

Results

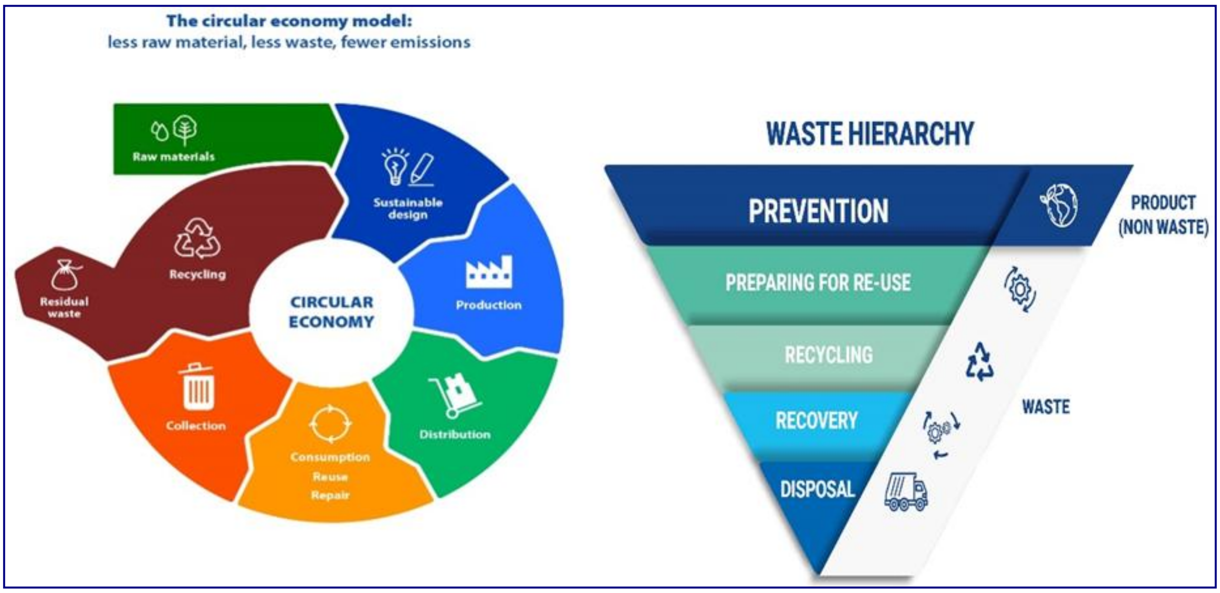
The key distinction between traditional public procurement and sustainable public procurement is that the former exclusively concerns value for money at the time of purchase, while circular public procurement takes it a step further and considers the social, environmental, and economic dimensions of procurement throughout the entire lifecycle of the product or service.[3] During the 10 years of activity within the United Nations Conference on Sustainable Development (Rio + 20), programs on sustainable consumption and production patterns were adopted in June 2012 (10YFP). The 10YFP is a global framework for strengthening international cooperation and accelerating the transition to sustainable consumption and production (SCP) models in both developed and developing countries. The concept of a circular economy (CE) is very broad and covers a range of related topics in production and consumption, including resource efficiency, waste hierarchy, and the shift to resourcesthe hierarchy of waste, the transition to renewable resources for both materials and energy, and many others. This scope is the strength of the EC. The circular economy replaces the linear approach, based on resource exploitation, unsustainable production, and consumption with a circular, sustainable approach that yields benefits for economic, social, and environmental capital. Ultimately, the system to which we aspire produces neither waste nor pollution, allowing resources, materials, and products to circulate at the highest quality within the production system and, if possible, reusing materials in the biosphere to restore natural capital (biodiversity and ecosystems) at the end of the life cycle. In this way, the use of natural resources and the negative impact on the environment are reduced, while contributing to the increase of human well-being [4].

To achieve the transformation of a linear system into a circular one, while benefiting from these advantages, the circular economy is based on practices and solutions that cover a wide range of strategies at different stages of the value chain. These can be grouped as follows: [2]

- Closing material loops: replacing raw materials or new products with secondary materials and second-hand, repaired, or refurbished products or parts;
- Slowing material flows: extending the lifespan of products through better design, maintenance, and repairs;
- Reducing material flows: using fewer resources per product or using fewer products to provide the same service to society.

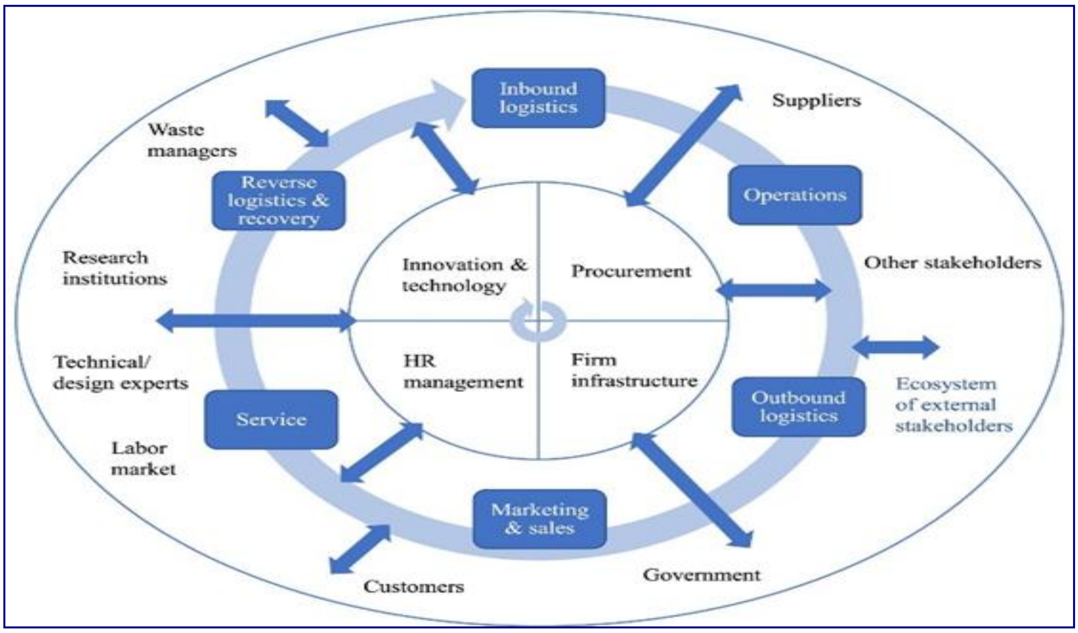
To minimize the environmental impact, products and production processes must be redesigned in accordance with the principles of the circular economy and the EU priority regarding waste prevention (see figure 1). Approximately 80% of a product's environmental impact is determined by how it is designed.

Figure 1: The stages of the circular economy compared to waste prevention in the EU



In order to enhance the efficiency of public procurement for strategic advancement, the objectives largely depend on public solidarity, the procurement framework itself, and its principles and practices, as well as whether these objectives are aligned with existing national, regional, and international policies. For example, government procurement can support the implementation of national energy policies aimed at achieving international objectives, such as reducing greenhouse gas emissions. Circular economy action plans (CEAPs) are part of the strategic framework for the circular economy of the Commission (figure 2).

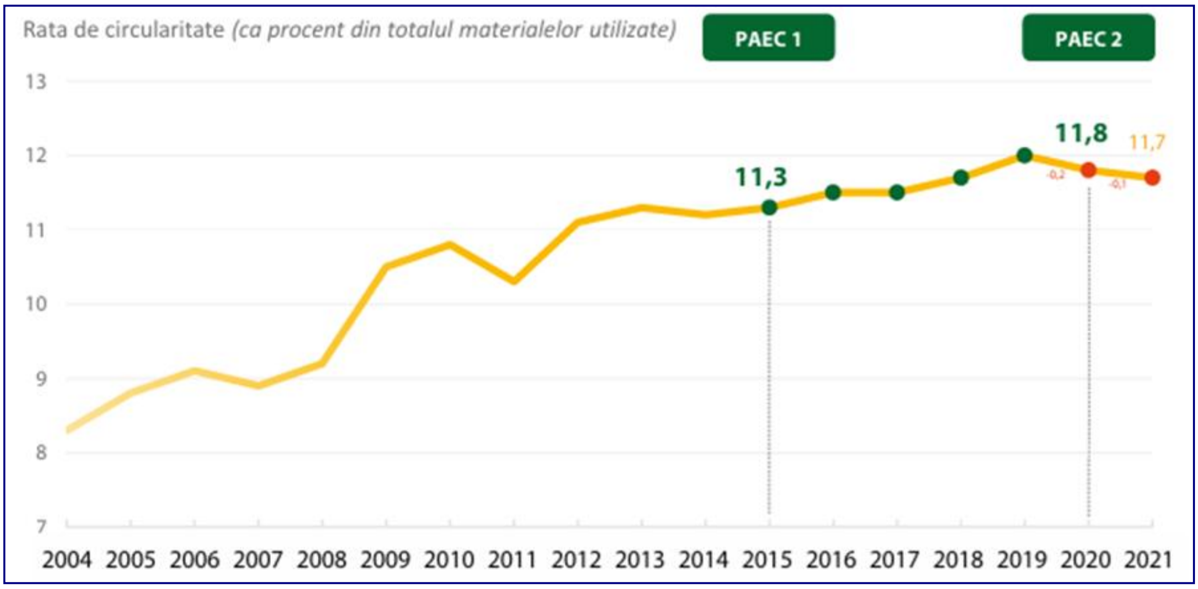
Figure 2: The EU's strategic framework for the circular economy



Source: [8]

These plans include four types of actions: ensuring an appropriate regulatory framework (e.g., directives, implementing regulations); cross-cutting measures to establish policy guidance in areas such as innovation and investment (such as the development of horizontal testing schemes) to stimulate the transition to a circular economy; allocating funding from the Union for projects that accelerate progress towards circularity; and monitoring the Union's progress towards a circular economy.Member states are increasingly focusing on the circular economy, but progress is slow and there are issues regarding monitoring. PAEC 1 included an action for the Commission to develop a monitoring framework for measuring the EU's transition to a circular economy. This framework used existing data from Eurostat and other official sources. The framework was delivered in 2018 and included the indicator regarding the 'circular material use rate.' This indicator, also known as the 'circularity rate,' measures the percentage of recycled materials reintroduced into the economy.Some international organizations and national authorities consider it an indicator of the overall progress of countries towards a circular economy. The Commission itself has used this indicator to establish the PAEC 2 goal for 2030 and in its annual country reports, to highlight the successes achieved by member states in reaching the goals of the circular transition.[6]
The circularity rate in the EU for 2021, at 11.7%, is higher than the most recent global circularity rate, which reached 7.6%, down from 9.1% in 2018.

Figure 3: Progress made in EU-27 towards a circular economy.



Source: European Court of Auditors, based on Eurostat circular material use rate.

Fig. 3 also shows that there are significant variations in terms of circularity rates among member states; some use much more recycled materials than others.

Traditionally, economies tend to follow a linear cycle of production-use-disposal. However, a circular economy keeps the value of products, materials, and resources for as long as possible and minimizes waste. For citizens, this means that products last longer and/or are easier to repair, upgrade, remanufacture, reuse, or recycle. For businesses, it offers the opportunity for more efficient use of resources. The way a product is designed determines approximately 80% of its environmental impact. In order to minimize environmental impact, products and production processes must be redesigned according to the principles of the circular economy and the EU's priority related to waste prevention. One positive aspect is that, since the publication of the first action plan, activities related to the circular economy undertaken by the governments of member states have increased, for example of Ireland, Netherlands and Poland.[6]

The Netherlands strategy, adopted in autumn 2016, set the objectives of reducing the use of primary raw materials by 50% by 2030 and achieving a fully circular economy by 2050. The strategy covers aspects of all stages of the circular economy, including circular design, with direct references to PAEC 1.

The roadmap for circular economy in Poland in 2019 included relevant actions for the design and production stages of the circular economy, relying on PAEC 1. In July 2022, the Polish government adopted its new Productivity Strategy, aimed at guiding future support for the transition to a circular economy in Poland. To measure the transition, the government decided to monitor other indicators than those used by the Commission (for example, 'resource productivity')[7].

In 2020, the Irish government adopted the Waste Action Plan for a Circular Economy, a roadmap for waste planning and management. The main objectives of this plan focused on directing attention towards eliminating harmful waste or designing without harmful waste, as well as extending the lifespan of products and goods through reuse and preventing the generation of waste in the first place. In December 2021, the government adopted the Circular Economy Strategy at the whole government level, which included the objective of increasing the circularity rate in Ireland above the EU average by 2030[7].

Today, in our country, despite the adoption of the new law on public procurement and the ongoing adjustments made to it, the legal framework regarding public procurement is not aligned with EU directives in the field and does not ensure the efficiency and transparency of the public procurement process [6].

Conclusions

In conclusion, I mention that circular public procurement aims to spend public funds on the procurement of products, services, and projects that promote sustainable and durable development. Circularity issues are becoming vital in the development agenda of a nation; it is time to focus on public procurement systems, mainly on the immediate economic advantages for sustainable public. It is necessary for circular public procurement systems to yield long-term benefits not only for governments but for all their representatives.

Future Directions

For European authorities as well as for national authorities, a series of recommendations are presented:

❖Improving the monitoring of member states' transition to a circular economy;
❖ Analyzing the reasons for the low use of EU funding for circular design and examining the possibility of increasing incentives in this regard.

Although it is a relatively new concept, circular procurement is not another type of procurement; rather, it seeks to address the ecological, social, and economic consequences, from design to manufacturing or use, through procurement actions.

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