

## Poland to embark on EU's circular economy strategy – new burden or opportunity?

The European Commission has just published the new Circular Economy Action Plan. We believe that – in contrast to its coal-based energy sector – Poland's starting position for a transition towards a resource-efficient economy is much better than for energy transformation. And the country could become a leader in implementing circular solutions



The European Commission (EC) is firmly sticking to the timeline of the European Green Deal and has just published the new Circular Economy Action Plan. The [document](#) envisages a broad policy agenda: a sustainable product policy framework, a reduction of waste, and interventions across key product value chains. The latter covers: electronics and ICT, batteries and vehicles, packaging, (micro)plastics, textiles, construction and buildings, and food, water and nutrients. The EC will enhance the implementation of the requirements of extended producer responsibility and consumers are to attain a true 'right to repair'. This should enable easier and cheaper replacement of particular parts when needed. Also, the creation of an EU market for secondary raw materials is

to promote the use of recycled content in products. Naturally, as almost all EU action plans, concrete policy measures and their effective implementation will depend on policy measures and tangible solutions of each member state.

## Will Poland win or lose from the new circular economy package?

It's worth differentiating the perspectives of consumers, firms, and policymakers. Meeting higher product standards and extended producer responsibility should translate into higher costs and prices if linear processes are maintained. Consumer surveys suggest Polish people are broadly aware of environmental problems and stand ready to change behaviour but see the main responsibility on the producers' side.

Firms will face adjustment costs and investments that they'll need to undertake. But changes in relative prices could be perceived as corrections of current market imperfections when externalities are not priced in adequately. Also, given that the Circular Economy (CE) is a strategic theme for leading global companies, the pressure to adopt circular practices will grow (see, e.g. the representation in the [CE100](#) initiative or business representation in the [German](#) steering committee of the CE Initiative). Their Polish business partners or subcontractors will either have to follow the CE direction or risk dropping from their value chains.

From a policy perspective - in contrast to its coal-dominated energy sector profile - Poland's starting position for a transition towards CE is much better than for energy transformation. We believe Poland has a lot to gain on its proactive approach to the CE policy agenda and may serve as a leader rather than laggard among the EU member states. Polish households generate one-third less municipal waste per capita than the average European, and the share of typical CE sectors in GDP (repairs, reuse, recycling, renting, leasing) is higher than the EU average. With memories of a not-so-distant past, consumers generally have a positive attitude to reusing and repairing things and not wasting food. The Poles are also open to increasingly popular product-as-a-service opportunities and benefit from other CE business models. At the same time, the country lags behind the EU average on selective collection and recycling of municipal waste, recycling in packaging and circularity of recycled materials. The EU policy agenda could mobilise internal policy action and help with its multi-sector coordination.

### Author

#### Rafal Benecki

Chief Economist, Poland

[rafal.benecki@ing.pl](mailto:rafal.benecki@ing.pl)

#### Leszek Kasek

Senior Economist, Poland

[leszek.kasek@ing.pl](mailto:leszek.kasek@ing.pl)

### Disclaimer

This publication has been prepared by the Economic and Financial Analysis Division of ING Bank N.V. ("ING") solely for information purposes without regard to any particular user's investment objectives, financial situation, or means. *ING forms part of ING Group*

*(being for this purpose ING Group N.V. and its subsidiary and affiliated companies).* The information in the publication is not an investment recommendation and it is not investment, legal or tax advice or an offer or solicitation to purchase or sell any financial instrument. Reasonable care has been taken to ensure that this publication is not untrue or misleading when published, but ING does not represent that it is accurate or complete. ING does not accept any liability for any direct, indirect or consequential loss arising from any use of this publication. Unless otherwise stated, any views, forecasts, or estimates are solely those of the author(s), as of the date of the publication and are subject to change without notice.

The distribution of this publication may be restricted by law or regulation in different jurisdictions and persons into whose possession this publication comes should inform themselves about, and observe, such restrictions.

Copyright and database rights protection exists in this report and it may not be reproduced, distributed or published by any person for any purpose without the prior express consent of ING. All rights are reserved. ING Bank N.V. is authorised by the Dutch Central Bank and supervised by the European Central Bank (ECB), the Dutch Central Bank (DNB) and the Dutch Authority for the Financial Markets (AFM). ING Bank N.V. is incorporated in the Netherlands (Trade Register no. 33031431 Amsterdam). In the United Kingdom this information is approved and/or communicated by ING Bank N.V., London Branch. ING Bank N.V., London Branch is authorised by the Prudential Regulation Authority and is subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. ING Bank N.V., London branch is registered in England (Registration number BR000341) at 8-10 Moorgate, London EC2 6DA. For US Investors: Any person wishing to discuss this report or effect transactions in any security discussed herein should contact ING Financial Markets LLC, which is a member of the NYSE, FINRA and SIPC and part of ING, and which has accepted responsibility for the distribution of this report in the United States under applicable requirements.

Additional information is available on request. For more information about ING Group, please visit [www.ing.com](http://www.ing.com).