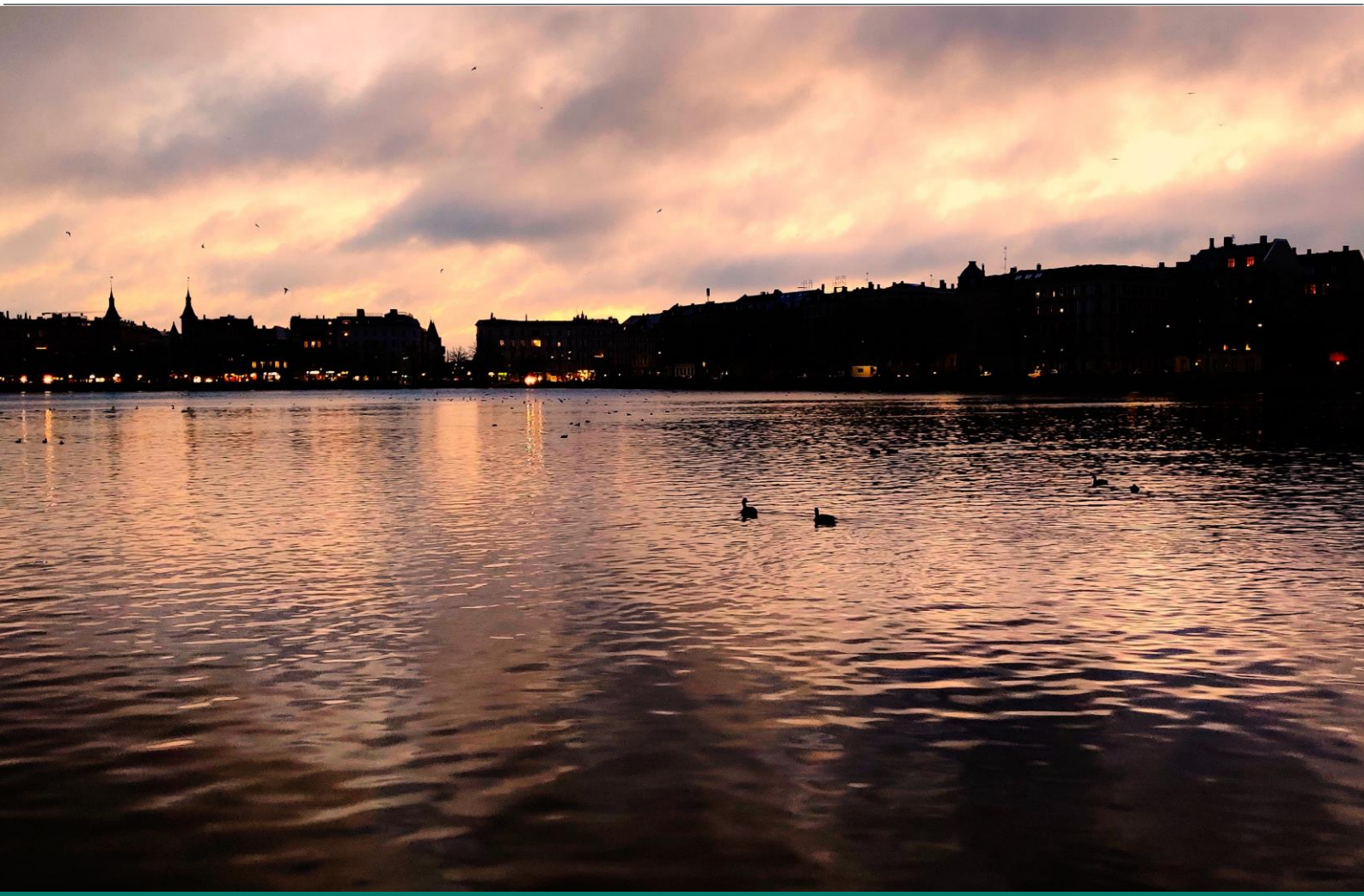
Circular economy country profile – Latvia



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European Topic Centre on
Circular economy and resource use
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Contents

Introduction

The European Commission requested the EEA to produce EU country profiles that offer an updated view of the following elements:

- circular economy policies being implemented at a national level with a particular focus on elements that go beyond EU mandatory elements; and
- best practice with a focus on policy innovation.

While implementing the EU Circular Economy Action Plan (CEAP 2020), Member States are encouraged to advance circularity at a national level by adopting policies and initiatives that go beyond EU regulations, while preserving the Single Market.

This circular economy country profile is based on information reported by the Eionet network and, in particular, the Eionet Group on Circular Economy and Resource Use in the second quarter of 2022. The information was reviewed and edited by the European Topic Centre on Circular economy and resource use (ETC CE). A selection of Eurostat data was made to further complement this country profile.

The information is current as of 30 September 2022 (final review), when members of Eionet verified the content of this profile.

Latvia – facts and figures

GDP: EUR 29.5 billion (0.2 % of EU27 total in 2020)

GDP per person: EUR 15 500 (purchasing power standard) (70.1 % of EU27 average per person figure in 2020)

Use of materials (domestic material consumption (DMC))
28.3 million tonnes DMC (0.5 % of EU27 total in 2020)
14.9 tonnes DMC per person (110.7 % of EU27 average per person in 2020)

Structure of the economy:
Agriculture: 4.6 %
Industry: 22.3 %
Services: 73.1 %

Employment in circular sectors:
23 914 people are employed in circular economy (CE) sectors (0.7 % of EU total in 2018)
People employed expressed as a percentage of total employment: 2.7 % (EU average 1.7 %)

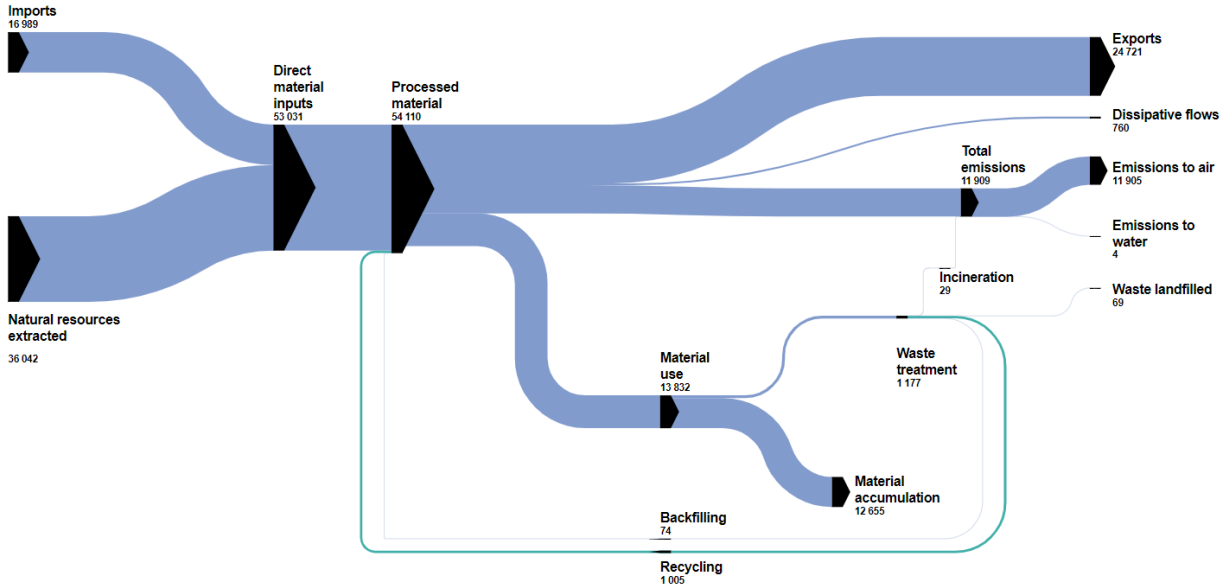
Surface area: 64 573 square kilometres (1.4 % of EU27 total)

Population: 1 907 675 (0.4 % of EU27 total in 2020)

Note: all definitions and metadata used in this profile are taken, as shown, from Eurostat

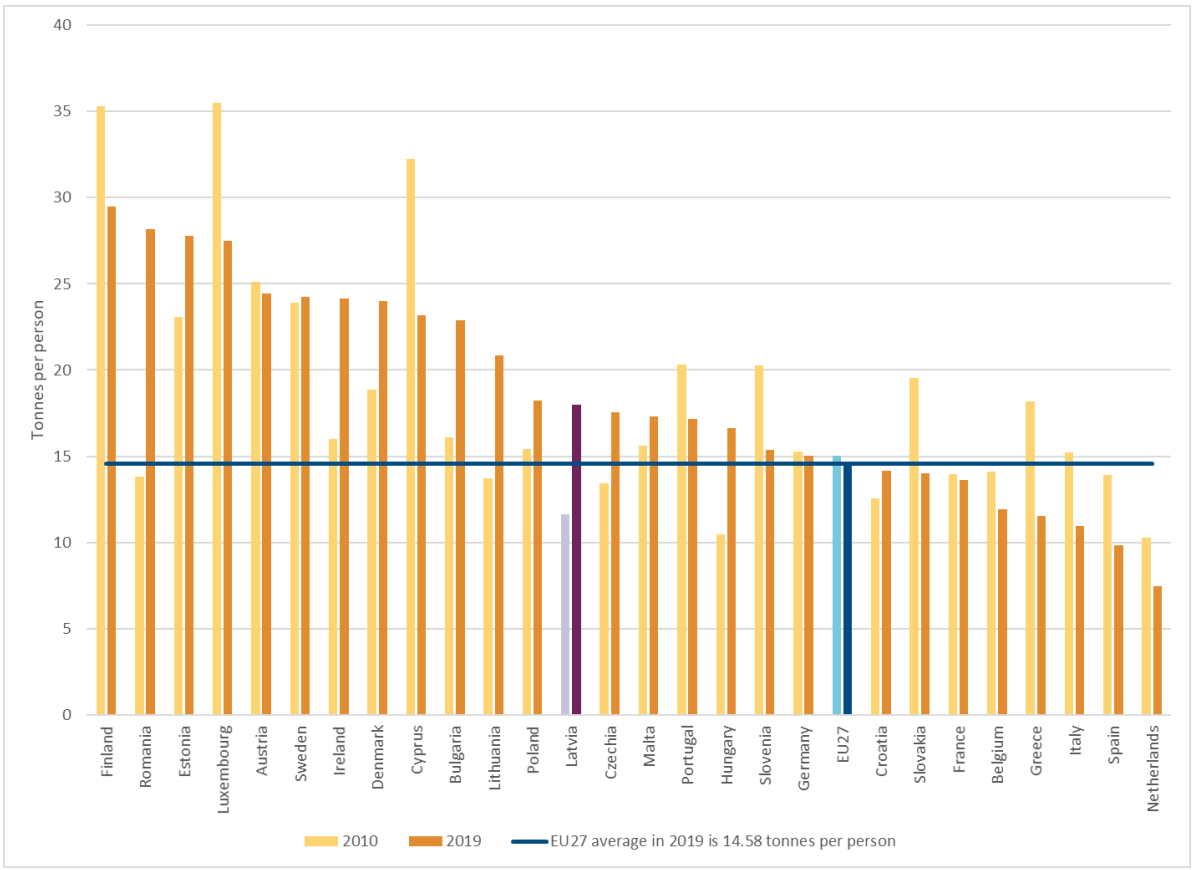
Source: Eurostat datasets, EU27 2020 (accessed 20 June 2022)

Figure 1 Material flow diagram for Latvia in 2020, '000 tonnes



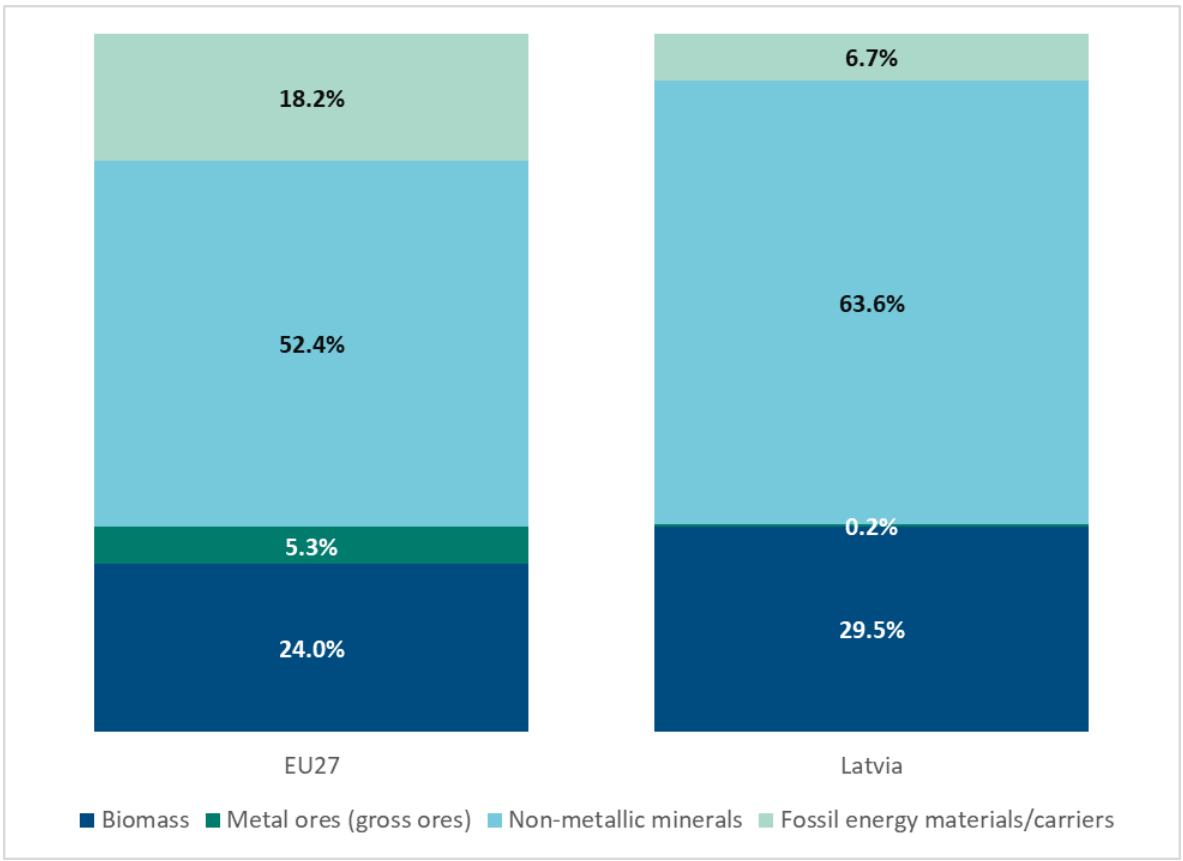
Source: Eurostat (2022) [env_ac_mfa], [en_ac_sd], [env_wassd] (accessed 20 June 2022)

Figure 2 Material footprint (raw material consumption), EU27, 2010 and 2019, tonnes per person



Source: Eurostat (2020) [env_ac_rme] (accessed 4 July 2020)

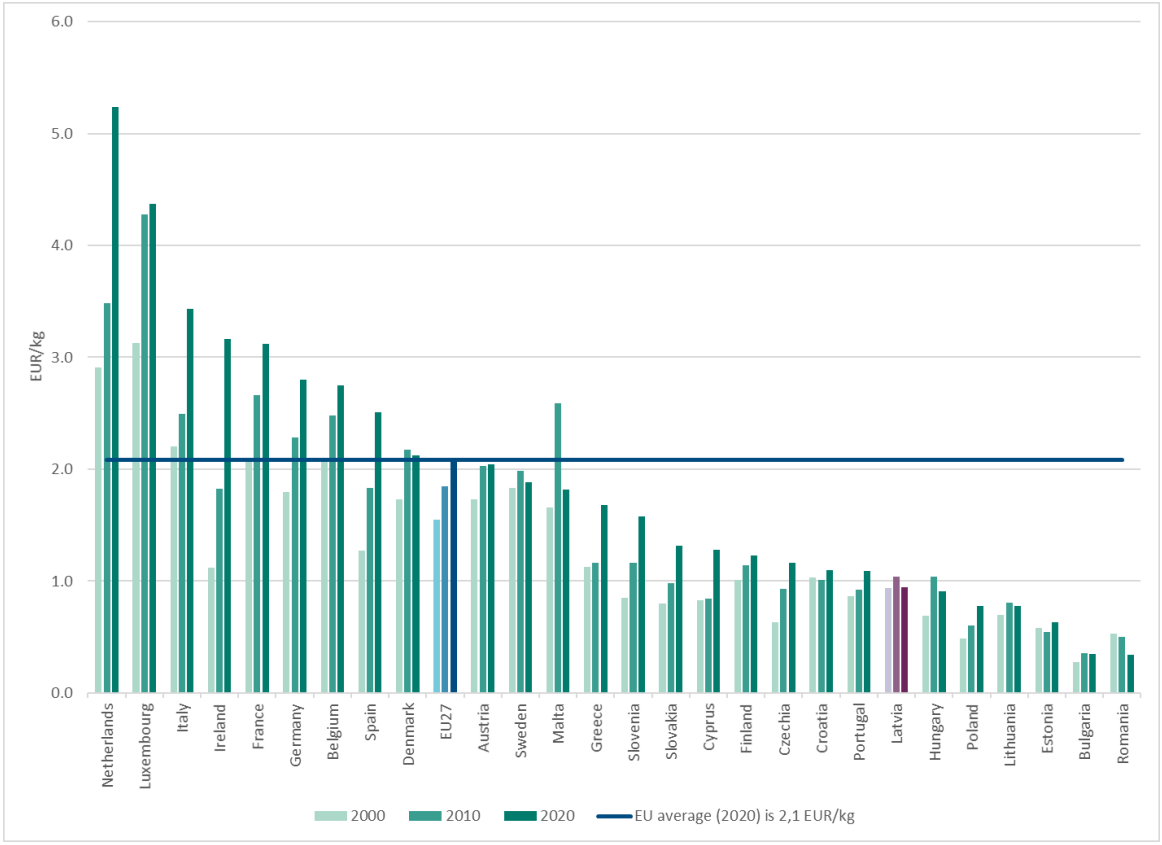
Figure 3 Domestic material consumption by selected material category, EU27 and Latvia, 2020, per cent



Note: totals may not sum to 100 % due to rounding

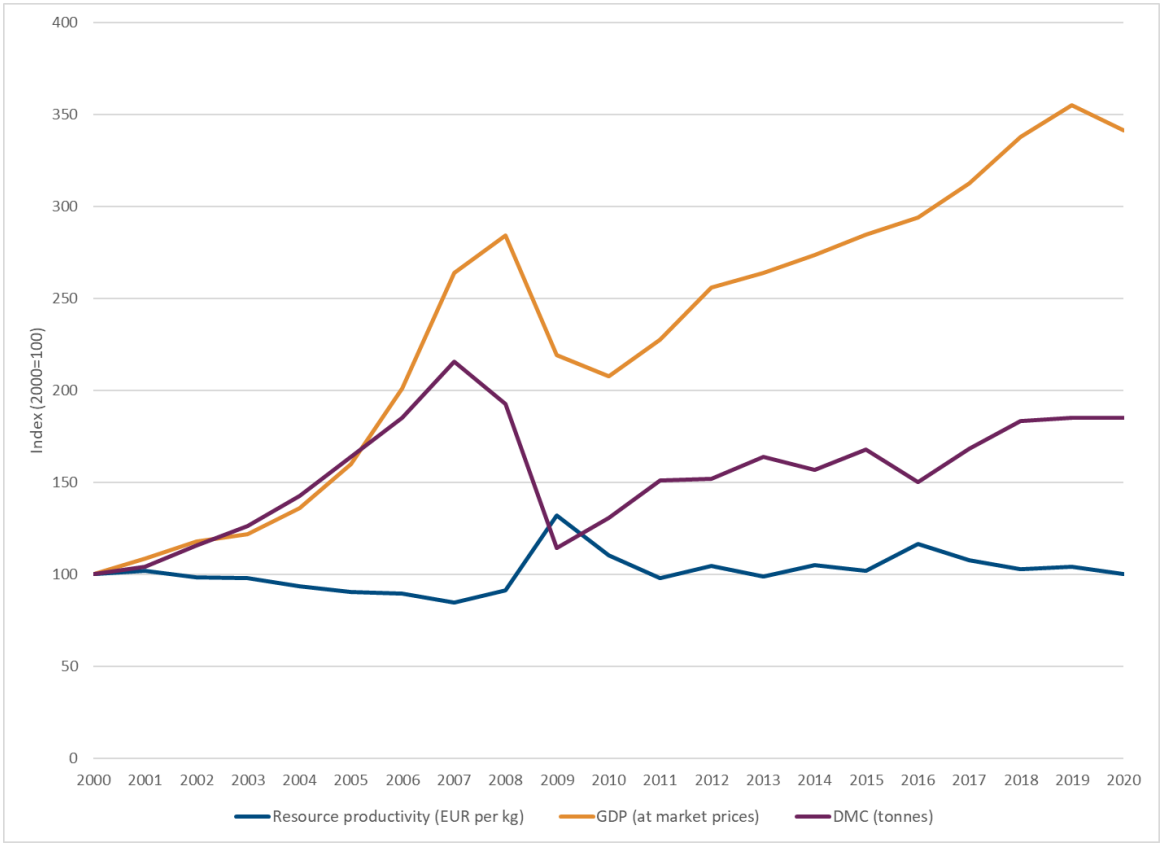
Source: Eurostat (2022) [env_ac_mfa] (accessed 20 June 2022)

Figure 4 Resource productivity (gross domestic product/domestic material consumption), EU27, 2000, 2010 and 2020, EUR per kilogram



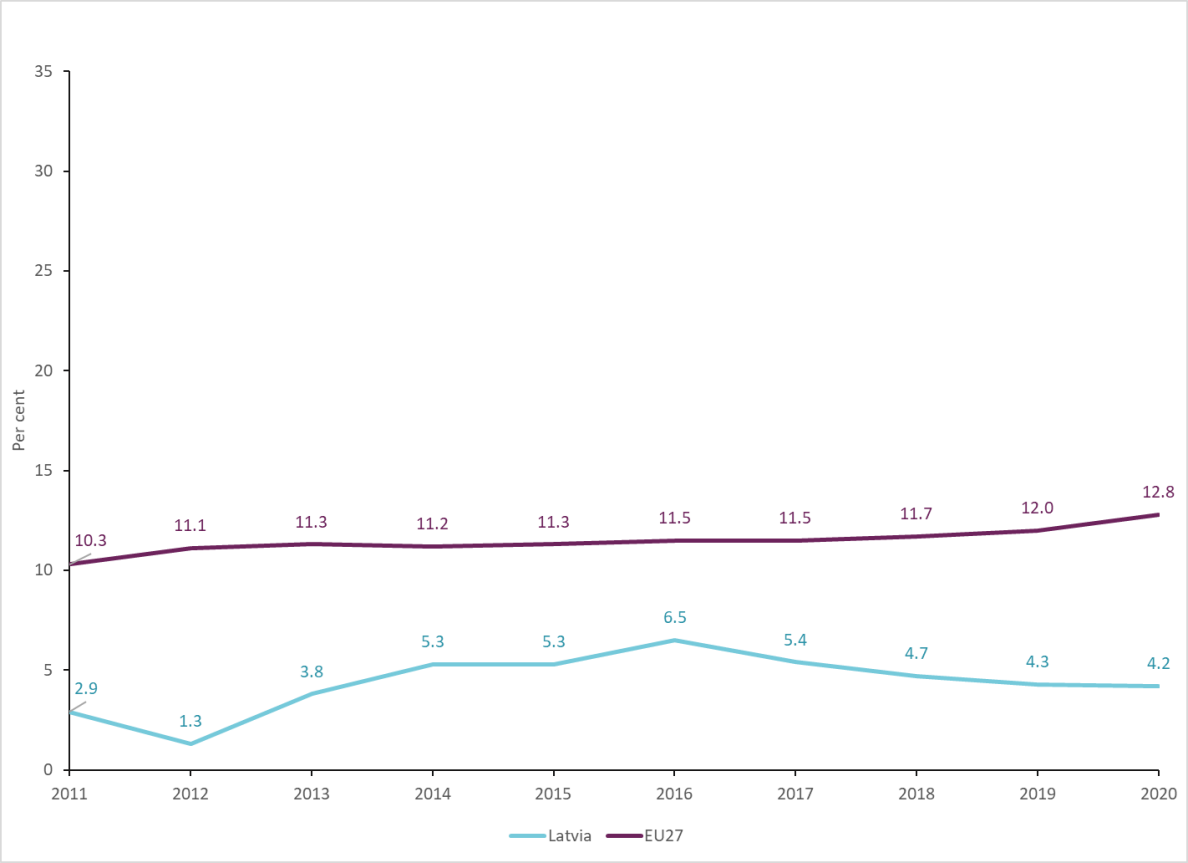
Source: Eurostat (2022) [env_ac_rp] (accessed 20 June 2022)

Figure 5 Gross domestic product, domestic material consumption and resource productivity trends, Latvia, 2000–2020, index (2000=100)



Source: Eurostat [env_ac_mfa], [env_ac_rp] & [nama_10_gdp] (accessed 4 July 2022)

Figure 6 Circular material use rate in Latvia, 2011–2020, per cent



Source: Eurostat (2022) [env_ac_cur] (accessed 20 June 2022)

Existing policy framework

Dedicated strategy, roadmap or action plan for circular economy

Latvia has adopted a designated CE strategy, **Action plan for the transition to a circular economy 2020–2027** ([1]) in 2020.

The overall aim of the Action Plan is to provide a policy framework for ensuring an environment of activity that facilitates the transition of the country to a CE while contributing to the implementation of the European Green Deal and the achievement of the UN's Sustainable Development Goals (SDGs). It is designed to ensure that the CE is implemented prudently in Latvia's economy and society, with the aim of moving society towards more thoughtful, responsible and sustainable planning, utilisation, and production and consumption of resources, and integrating these basic considerations into all sectoral policies on lifecycle stages and resource flows.

The Action Plan contains seven initiatives.

1. The **transition from waste management to resource management**. Some of the key measures include developing secondary material markets and expanding and improving extended producer responsibility (EPR) schemes.
2. **Improving resource productivity** in all sectors of the economy by encouraging the development of research and innovation. This initiative includes the fostering of industrial symbiosis and support for redesigning existing products and designing new ones in line with the eco-design principle. These measures are necessary for the resource productivity target value of EUR 1.55 per kilogram to be reached by 2027, up from EUR 0.90 per kilogram in 2020.
3. The **establishment of pre-conditions for the reuse** of goods. Measures include support for social innovation and entrepreneurship.
4. **Promotion of the transition from the purchase of goods to services**, i.e., the promotion of rental services and green public procurement (GPP).
5. **Improving the management of materials**, processes, and waste in priority sectors. This includes the preparation and distribution of informative materials on waste minimisation, especially food, textile, and furniture waste minimisation.
6. **Strengthening the role of municipalities** in the implementation of the principles of a CE.
7. **Engagement, information, and education** of the public.

Because the initiatives are ongoing, none of them have yet been implemented. The end of 2027 is the deadline for implementation of all the initiatives.

Circular economy policy elements included in other policies

Circular economy policy element	Included in policy
Development of end-of-waste criteria for biodegradable waste, waste oils, construction and demolition waste, and textile waste (if economically viable).	National waste management plan for 2021–2028 (in Latvian)
Improvement of the current GPP criteria	
Introduction of new EPR schemes and implementing adjustments to the existing ones (goods harmful to the environment including electrical and electronic equipment, packaging waste and disposable tableware and accessories and vehicles).	

[1] https://likumi.lv/ta/id/317168-par-ricibas-planu-parejai-uz-aprites-ekonomiku-20202027-gadam (in Latvian)

Circular economy policy element	Included in policy
Setting targets on recycled material contents for the most used packaging materials, such as polyethylene terephthalate (PET) for single-use beverage bottles.	
Creating guidelines for the implementation of pay-as-you-throw schemes.	
Researching the best approaches for introducing local reuse/repair/remanufacturing centres (R-centres).	
Organisation of information campaigns about CE benefits and implementation.	

Monitoring and targets

Assessment of circular economy performance

Industry in Latvia is gradually adapting to the concept of circular materials use in new products and production. Many of the products that would be viable for containing recyclates (packaging, etc.), however, are not produced in Latvia, therefore the **circular material use (CMU) rate** in Latvia, when measured across all sectors, is much lower than might be expected. The same recyclate-containing products are also on average more expensive than those made from virgin materials, and since the end price of the product is highly important for many of the producers, such products are usually passed over.

Trends for recycling of both total and individual waste streams are positive in Latvia but are expected to increase gradually as consumers are still in the process of changing their consumption choices and lifestyles from pure consumption to greener consumption. Surveys are not publicly available, but the results of the ones that have been presented at local conferences and seminars of the private sector waste management companies to assess the reasons for deciding to sort or not sort waste, have confirmed that this is the main reason why trends in separately collected waste and recycling are slow to increase. Non-recyclable packaging for food, beverages and utilities in the business-to-consumer (B2C) market sector, for example, is not accepted by waste collection services because it is not currently accepted by waste recycling services.

Circular economy monitoring frameworks and their indicators beyond the ones from Eurostat

Currently only the EC Monitoring Framework, and Eurostat in general is used. The Action Plan for the Transition to a Circular Economy, for example, is monitored by the development of resource productivity and the CE.

Circular economy targets

The following targets are set in the Action Plan for the Transition to a Circular Economy 2020–2027 ([2]):

- resource productivity: increase from EUR 0.90 per kilogram in 2020 to EUR 1.55 by 2027;
- CMU rate: an increase from 6.6 % in 2020 to 11.0 % by 2027;
- public awareness and participation: percentage of total population as a measure of CE implementation, based on Eurobarometer and other surveys.

[2] https://likumi.lv/ta/id/317168-par-ricibas-planu-parejai-uz-aprites-ekonomiku-20202027-gadam (in Latvian)

Innovative approaches and good practice

Examples of public policy initiatives (national, regional or local)

➔ *Good practice example: taxation and economic instruments to encourage investment in the CE;*

Natural Resource Tax
One initiative that is still in the implementation process is the adoption of a law to adjust natural resource tax rates for selected natural resources and products. The adjustment includes both the taxation of new material categories for packaging, in particular packaging containing plastic, and adjusted tax rates. Once passed, the Natural Resources Tax Act will facilitate the withdrawal of non-recyclable or barely recyclable packaging from the market.

➔ *Good practice example:* producer responsibility/supplier responsibility

Extended producer responsibility schemes
Development of several EPR schemes for single-use plastic packaging and plastic trays, products harmful to the environment such as batteries, and used vehicles. The participants in these EPR schemes are exempted from the obligation to pay the Natural Resources Tax.

➔ *Good practice example: public procurement*

Green Public Procurement
Green procurement is widely used in municipalities and, to a lesser extent, by private companies. The share of GPP for the most necessary items and services in district administrative centres reached 61 % of all public procurement in 2019. The list of items and services concerned includes office paper, printing and computer equipment, information and communication technology (ICT) infrastructure, food and catering services, cleaning products and services, indoor lighting, street lighting and traffic signals.

Examples of private policy initiatives (sectoral)

The business-to business (B2B) packaging sector has implemented a strong **network for packaging reuse** (wooden pallets) and recycling (plastic boxes, bags, and sheets) – very small amounts of waste are reported from this sector. The flow of materials is regulated by the B2B sector itself, but every time the materials are transported from one place to another, reports on the type and quantity are sent to the state environmental authority. Participation in this EPR scheme is voluntary, but many manufacturers participate anyway because it allows them to be exempted from paying the otherwise mandatory natural resource tax.

The construction sector has developed an **internal waste reduction and material reuse system**, reporting material reuse of up to 98 % in 2016. The packaging of material deliveries is either reused (wooden pallets) or recycled (plastic bags and packaging films). Demolition waste is separated into useful fractions, such as detached metal bars and bricks. The inorganic fraction, a mixture of broken bricks, cement, tiles, etc. that meets the end-of-waste criteria, assessed on a case-by-case basis by the state environmental authority, is used as filling material for earthworks in the construction industry such as road building.

The way forward

Addressing barriers and challenges

The main barriers and obstacles have been listed and are available in the Organisation of Economic Co-operation and Development (OECD) Environmental Performance Reviews for Latvia 2019 ([3]). The main challenges identified were:

1. a lack of cross-sectoral coordination and of a powerful driving force to move economic ideas forward in Latvia;
2. developing and implementing sectoral strategies without considering smart natural resource management objectives and changing production and consumption patterns, or insufficiently integrating them;
3. insufficient use of economic and other instruments to influence consumption;
4. lack of awareness and support for social innovation and dissemination of good practice;
5. public attitudes towards consumption: it is difficult for citizens to change their habits and to start sorting waste, in addition to insufficient infrastructure availability;
6. use of environmental and natural capital in an unbalanced way;
7. lack of control – non-compliance of actual activity with the capacity specified in the documents.

The Action Plan for the Transition to a Circular Economy 2020–2027 ([4]) addresses some of these barriers, mainly in re-evaluating current production cycles and offering long-term sustainable solutions, as well as helping educational institutions with the preparation of teaching materials. The barriers related to insufficient infrastructure and changes to the production cycle due to funding problems are addressed in the National Waste Management Plan for 2021–2028 ([5]).

Ranking types of barrier

High barrier	Institutional challenge to develop policy for a complex cross-sectoral issue		
⬆	Companies' ability to grasp opportunities	Market barriers for recycled resources	Consumer behaviour and awareness
Low barrier	Good indicators and targets		

Future policy plans

Currently, Latvia is focussing on the implementation of the Action Plan for the Transition to a Circular Economy and the National Waste Management Plan and no further policy initiatives are currently under development.

[3] https://www.oecd.org/environment/oecd-environmental-performance-reviews-latvia-2019-2cb03cdd-en.htm

[4] https://likumi.lv/ta/id/317168-par-ricibas-planu-parejai-uz-aprites-ekonomiku-20202027-gadam (in Latvian)

[5] https://likumi.lv/ta/id/320476-par-atkritumu-apsaimniekosanas-valsts-planu-20212028-gadam (in Latvian)

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