

# Circular economy is a win for the EU economy and environment

Written by **Sirpa Pietikäinen** on 26 June 2015 in **Opinion**

**The world has little choice but to make the transition to a circular economy, says Sirpa Pietikäinen.**



The global demand for resources has been forecasted to triple by 2050. That rise, however, represents a demand that cannot be satisfied.

We already consume some 1.5 planets' worth of resources every single year, and following the available estimates, would need around four planets full of resources to satisfy our demand by 2050 if we continue with business as usual.

There are, however, limits to growth as we only have access to this one planet. We are in 'overshoot mode', and must switch to a more sustainable way of living.

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In June, the European parliament's environment, public health and food safety committee adopted my report on the circular economy. This report emphasises the need for a true paradigm shift, one that will benefit both our economy and our environment.

The proper use of natural resources is not only about saving raw materials for future generations, but creating multiple benefits starting from waste reduction and ending with new and innovative business opportunities.

Europe is extremely dependent on imported raw materials and energy, much more so than many of our competitors.

When raw materials are running short, what are the guarantees that this flow of raw materials to Europe will be maintained? Resource scarcity also increases prices - that is simple economics. Almost 90 per cent of European companies expect their material input prices to continue rising, according to a Eurobarometer survey.

If we look at these facts, it is clear that the European economy cannot survive - let alone grow - unless we take some radical steps to increase our resource efficiency and move towards a true recycling economy. We have to stop wasting precious resources and start using them more efficiently.

In this challenge there is also a huge opportunity, however. Anyone that can deliver solutions for the resource efficiency dilemma will also be the winner of the new economic race. This means solving the problem of doing more with less - getting more added value from fewer resources.

In the circular economy there is no waste - products are designed to be durable, reusable, repairable and recyclable, and when they come to the end of their life the resources in them are pumped back into productive use again.

This is a major paradigm shift where we need to produce the same welfare for the people, better competitiveness for our industries and profits for our companies with a tenth of the resources for goods we are using now.

Business-driven studies demonstrate significant material cost-saving opportunities for EU industry and a potential to boost GDP by up to 3.9 per cent by creating new markets and new products while creating value for business.

The commission has calculated that increasing resource productivity by two per cent would create two million new jobs in the EU by 2030.

Many businesses have already recognised these facts and started to act accordingly. They have taken a leap to a different mind-set where the whole logic of successful business is turned upside down.

These firms have created new business models to deliver greater resource efficiency and circular models including increased renting, sharing, leasing, different types of industrial symbiosis, such as bioinnovations or remanufacturing.

In order to support this change we must also alter the rules of the game, however. That is the work of politicians - regulation is never neutral.

A lot of our thinking and also a big part of current legislation is created for the needs of the consume-and-throw-away-society and therefore has to be changed to fit the new world order.

To drive the business revolution, we need to create a stable and predictable regulatory environment. We need commonly agreed and harmonised indicators and targets to measure the change. We need to abolish environmentally harmful subsidies. We need to draft legislation that will make sure that what is considered waste nowadays is not considered as such anymore, but is instead seen as a resource.

This requires a change to how things are being made: products need to become more durable, easier to upgrade, reuse, refit, repair, recycle and dismantle for their resources.

Perhaps the most compelling reason to embrace resource efficiency and circular economy models is that we don't really have a choice.

Further pressure on supplies of resources as demand increases in emerging markets will force us - sooner or later - to use those resources more carefully.

**About the author**

Sirpa Pietikäinen (European People's Party, Finland) is parliament's rapporteur on resource efficiency