

Circular economy: Time for big business to copy DNA of micro businesses

Written by Brendan Burns on 7 March 2017



The needs of tomorrow's environment will not only require all businesses to vastly improve on this simple idea, but also adapt to new rules, regulations and customer demands, says Brendan Burns | *Photo credit: Fotolia*

For most small and micro businesses the principle of 'use, repair and reuse' is a way of life rather than a new environmental or economic concept. However, the needs of tomorrow's environment will not only require all businesses to vastly improve on this simple idea, but also adapt to new rules, regulations and customer demands.

Primarily, the main driving force to a successful reusable economy will be eco-design, where products are manufactured so that end of life does not mean consigned to landfill. Instead, component parts will be repaired, reconstituted and recycled.

This circular economy will have to be business-driven, meaning industry has to understand the wider environmental and public demands for an end to a throw-away society.

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Cillian Lohan, the European Economic and Social Committee (EESC)'s opinion rapporteur on the circular economy, has said, "Our work tries to find a balance between the conflicting sectors of civil society and the importance of strong secondary raw materials markets so that circularity can become the normal industrial process.

This includes stimulating the creation of a clean and reliable source of good quality secondary raw materials."

The EESC opinion also recognises that the component parts of products are not always economically viable to extract and therefore provide reusable clean and good quality raw materials. For this reason, the ecodesign element is essential in providing the link for driving innovation to ensure that component parts can be retrieved as high quality secondary raw materials.

New business models need to be introduced about owning products. Ownership concepts need to shift. Business models that sell a service rather than owning the product need to become the norm. When the product then reaches its end of life, it is returned to the owner, which is also the manufacturer. This is going to cause problems for businesses but it also offers opportunities concerning quality of product and ongoing customer loyalty.

When ownership has been designed according to ecodesign principles, there is an incentive to retrieve the product after the user is finished with it, because the component parts of that product are now a valuable raw material to be recycled. This new business model would be more of a leasing type arrangement and some companies are already testing this option, specifically in the IT sector.

Unfortunately, this new economic model will lead to a negative effect on some businesses. It may therefore be necessary to identify these businesses and offer supports to ensure that opportunities within a new circular economy are fully realised.

The EESC was the first of the EU institutions to prepare a response to the Commission's circular economy package, and uniquely approached the task by producing an opinion that included a response to both the legislative amendments and to the action plan itself.

A two day conference hosted by the Commission and EESC on 9 and 10 March will discuss a pan-European circular economy platform to how to share best practice.

About the author

Brendan Burns is President of the European Economic and Social Committee's agriculture, rural development and environment (NAT) section

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