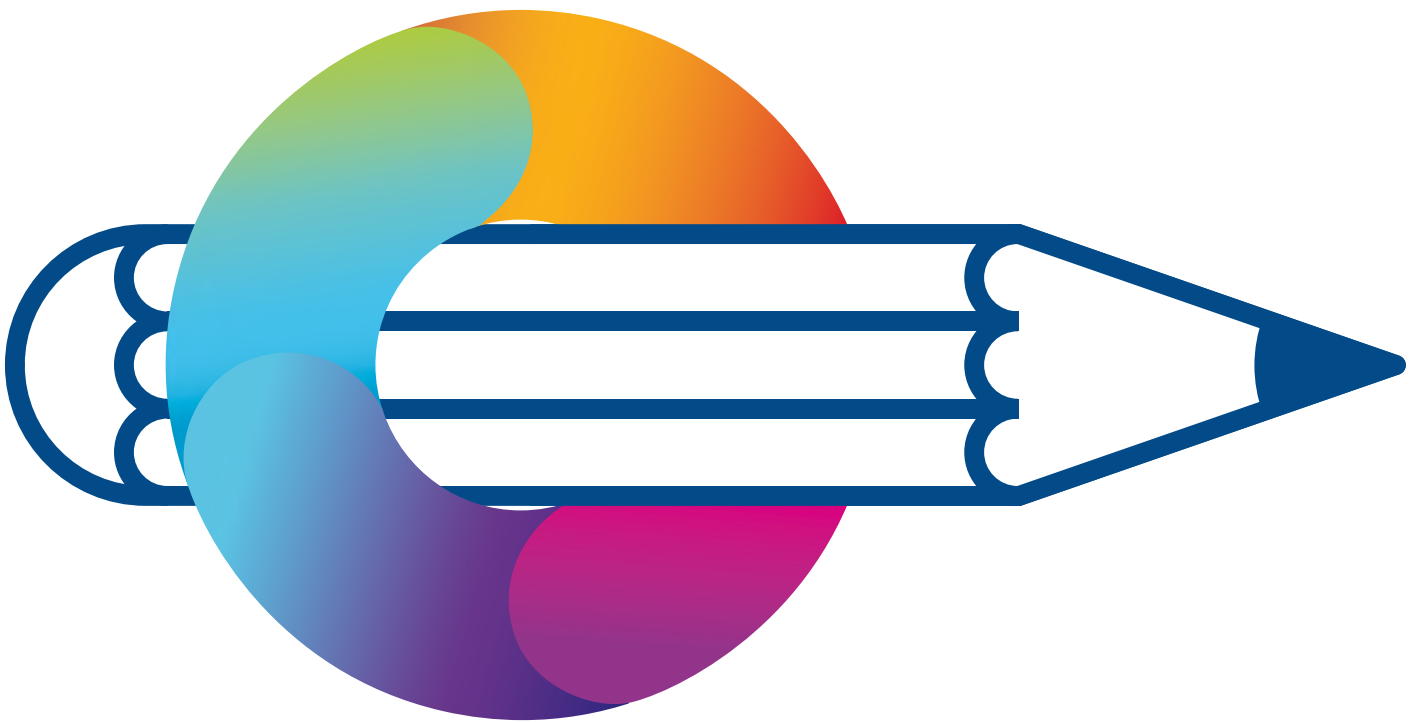


QUICK REFERENCE GUIDE FOR JOURNALISTS ON THE CIRCULAR ECONOMY





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CIRCULARTHINKING

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WHAT IS THE CIRCULAR ECONOMY?

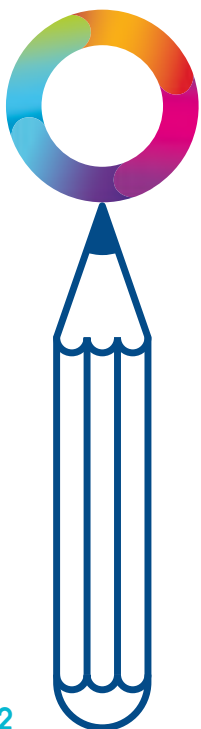
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ACCORDING TO THE EUROPEAN COMMISSION (EC),

"IN A CIRCULAR ECONOMY THE VALUE OF PRODUCTS AND MATERIALS IS MAINTAINED FOR AS LONG AS POSSIBLE.

WASTE AND RESOURCE USE ARE MINIMISED, AND WHEN A PRODUCT REACHES THE END OF ITS LIFE IT IS USED AGAIN TO CREATE FURTHER VALUE.

THIS CAN BRING MAJOR ECONOMIC BENEFITS, CONTRIBUTING TO INNOVATION, GROWTH AND JOB CREATION".



2

The concept of the circular economy is presented as an alternative to the current, linear "take-make-use-dispose" economic production model. On a planet with finite resources where environmental impacts are becoming more evident by the day (overexploitation of natural resources, climate change, pollution, increasing waste, loss of biodiversity, etc.), an economic system based on disposability is both environmentally and economically unsustainable.

The circular economy is not an abstract concept and does not apply only to businesses and institutions. The general public can also incorporate it into their everyday lives by consuming only those products that they actually need, by not purchasing disposable or poor quality products (cheap items work out dear in the end) and by sustainably using products that can be repaired to extend their useful lifetimes. People can also choose to share products by buying them second-hand, exchanging them or gifting them so that the maximum use can be made of them.

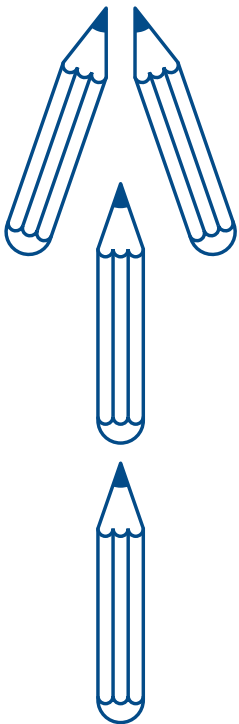


BENEFITS AND CHALLENGES OF THE CIRCULAR ECONOMY

2

THE EUROPEAN COMMISSION HAS HIGHLIGHTED THE FOLLOWING BENEFITS OF IMPLEMENTING A CIRCULAR ECONOMY:

- IT ENCOURAGES SUSTAINABILITY AND COMPETITIVENESS IN THE LONG TERM.
- IT PRESERVES RESOURCES, INCLUDING SOME WHICH ARE INCREASINGLY SCARCE OR SUBJECT TO PRICE FLUCTUATION.
- IT REDUCES EMISSIONS OF GREENHOUSE GASES WHICH CONTRIBUTE TO CLIMATE CHANGE.
- IT SAVES COSTS FOR EUROPEAN INDUSTRIES.
- IT UNLOCKS NEW BUSINESS OPPORTUNITIES.
- IT BUILDS A NEW GENERATION OF INNOVATIVE, RESOURCES-EFFICIENT EUROPEAN BUSINESSES MAKING AND EXPORTING CLEAN PRODUCTS AND SERVICES AROUND THE GLOBE.
- IT CREATES LOCAL LOW- AND HIGH-SKILLED JOBS.
- IT CREATES OPPORTUNITIES FOR SOCIAL INTEGRATION AND COHESION.



The European Commission estimates that European businesses could save up to €600 billion through the creation of better eco-designs and by preventing and reusing waste. By cutting costs, businesses can become more competitive and better able to tackle crises.

The circular economy is also good for employment: according to the UK's Waste and Resource Action Programme (WRAP), expanding the circular economy could create

3 million jobs and cut the number of unemployed people in EU Member States by as much as 520,000 by 2030.

For its part, the European Environment Agency (EEA) has pointed out that increased benefits also depend on how well and how quickly training in the skills required for the circular economy can be developed and applied.

WHO'S WHO IN THE CIRCULAR ECONOMY



3



EUROPEAN COMMISSION

http://ec.europa.eu/environment/circular-economy/index_en.htm

This is one of the institutions that is doing most to support the circular economy at global level. In his time as European Commissioner for the Environment from 2010 to 2014, Janez Potocnik stressed the importance for the EU of moving towards a circular economy in which waste would be a major, reliable source of raw material. The EC has set up the EU Action Plan for the Circular Economy.



ELLEN MACARTHUR FOUNDATION

<https://www.ellenmacarthurfoundation.org>

British sailor Ellen MacArthur became aware of the need to change the current economic model while she was beating the solo round the world sailing record: "When you sail around the world in a boat [...] you realise what finite really means, because what you have is all you have, there simply is no more. [...] I suddenly realised that in fact our global economy is no different". She set up the Ellen MacArthur Foundation in 2010, with the goal of hastening the transition to a circular economy. Since then it has become a global leader in thinking on this matter. For example, in 2012 the Foundation published the benchmark report "Towards the Circular Economy:: an economic and business rationale for an accelerated transition". This report estimates that by using this system businesses can achieve savings of up to 40 or 50% in some cases, and that a subset of the EU manufacturing sector could save up to €650 billion and create tens of thousands of jobs up to 2025.



WORLD ECONOMIC FORUM (WEF)

<https://es.weforum.org>

Also known as the Davos Forum, the WEF is a not-for-profit foundation headquartered in Geneva (Switzerland). It brings together international political and business leaders and selected experts and intellectuals to analyse the world's most pressing problems. Its heads are also among the main promoters of the circular economy. For instance, it worked alongside the Ellen MacArthur Foundation to set up Project MainStream. The leaders of this project claim that it could deliver savings of \$500 million in materials, create 100,000 new jobs and avoid 100,000 tonnes of waste globally within five years.

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THE CIRCULAR ECONOMY FOUNDATION

<https://economiecircular.org>



With a governing board made up of former top executives from regional administrations, this foundation collaborates with personalities, world experts, public administrations, private organisations and social actors. Its goal is to promote not just the circular economy but also other related concepts such as sustainability, eco-design, eco-efficiency and public engagement in Spain, Portugal, the rest of Europe, the Mediterranean basin, Latin America and the world's island territories.



CIRCULAR BASQUE

<http://www.circularbasque.eus>

This is a network of over 30 organisations set up to promote and implement the circular economy in the Basque Country and to provide a forum for publicising schemes in that field. It was set up at the initiative of Innobasque (the Basque Innovation Agency) and blends four types of industrial, territorial and consumer-oriented initiatives.



BASQUE ECODESIGN CENTER

<http://www.basqueecodesigncenter.net>

This is an organisation based in the Basque Country which is made up of eight major Basque private businesses and the region's main industrial clusters, with the Basque Government's publicly owned environmental management company Ihobe acting as its promoter and coordinator in a public/private partnership framework. Its goal is to create and implement innovative eco-design projects. Its work to date can be divided into four main areas: the setting up of technical projects, support for Basque SMEs, the development of new business ideas and the promoting of training and learning activities.



BASQUE ECODESIGN HUB

<http://www.basqueecodesignhub.eus>

This public/private partnership between the Basque Government and a number of Basque firms was set up in 2011. Its goal is to promote and develop eco-design projects and to act as a hub for training in eco-design in the Basque Country. It is based in Bilbao and is open to all publicly and privately run Basque universities and vocational training centres.



IHOBE

<http://www.ihobe.eus>

This publicly run environmental management company answerable to the Basque Government is responsible for preparing the Basque Circular Economy Strategy to 2030, which is now publicly available in draft form. Its leaders have also produced numerous reports and initiatives on the circular economy and on eco-design in the Basque Country, such as *Diagnóstico de la economía circular en Euskadi*, ["Diagnostic Study of the Circular Economy in the Basque Country"] and *Circular Thinking* to promote the circular economy among socio-economic actors in the region, particularly in industry. Ihobe also organises a number of public/private initiatives to spread the circular economy and eco-design in the Basque Country, such as the Basque Ecodesign Hub and the Basque Ecodesign Center.



ACLIMA

<https://www.aclima.eus>

This is the Basque environment industry cluster. Its heads have made the circular economy a strategic area within its activities and seek to foster eco-design, waste recycling, re-manufacturing, composting, energy valorisation and safe landfill management for waste that cannot be given other uses.

WHAT DOES THE EU HAVE TO SAY?



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2015



In December 2015 the European Commission adopted a **package of measures on the circular economy** to “boost global competitiveness, foster sustainable economic growth and create jobs” and published a report on transitioning towards a circular economy in the EU under the title *Closing the Loop: An EU Action Plan for the Circular Economy*. This transition will be supported financially by European Structural and Investment Fund (ESIF) funding, €650 million from Horizon 2020 (the EU funding programme for research and innovation) €5.5 billion from structural funds for waste management and investments in the circular economy at national level.

2018



In this context, **the revised legislative framework on waste** came into force in July 2018. This framework sets clear targets for the reduction, management and recycling of waste in the EU, including a common target for recycling 65% of municipal waste by 2035, recycling 70% of packaging waste by 2030, limiting landfilling to a maximum of 10% of municipal waste by 2035 and separate collection of hazardous waste, bio-waste and textiles.

2018



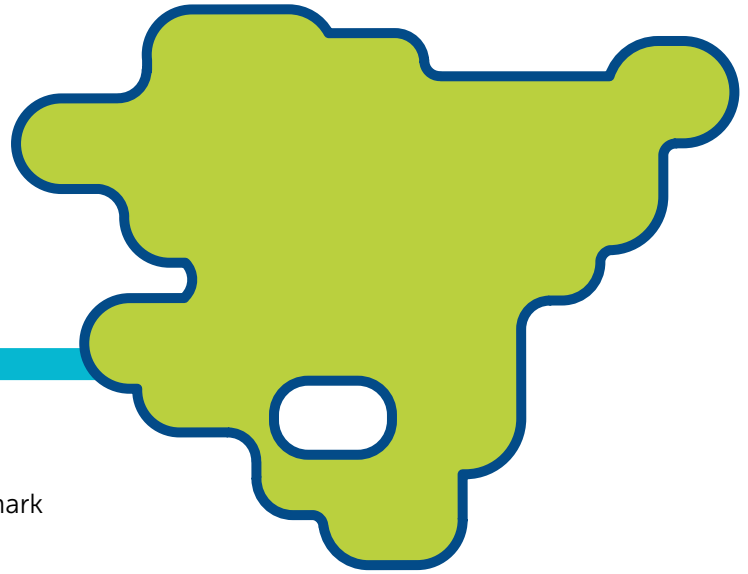
In January 2018 the European Commission adopted the **2018 Circular Economy Package**, which comprises a wide range of measures including a broad strategy for the use of plastics in the EU within a circular economy. Under that strategy, all plastic packaging should be recyclable by 2030.

2019

On 6-7 March 2019 the European Commission and the European Economic and Social Committee are to organise the 2019 **circular economy stakeholder conference**.



SITUATION IN THE BASQUE COUNTRY



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The Basque Country is a benchmark for the practical application of the circular economy, especially in industry. Its leading role results from a long track record of striving to enhance the efficiency of processes and of eco-design through public/private partnerships.

239 industrial firms in the Basque Country, 177 of them SMEs, already apply circular models or practices. These firms operate mainly in the automotive, transport equipment, electrical and electronic equipment, machine tool, metalworking, chemical, furnishing and building industries and the environmental services subsector. Indeed, 68 Basque firms hold eco-design certificates under standard UNE-EN ISO 14006. They make up 54% of all Spanish firms certified under this standard.

The circular economy currently accounts for 1.12% of the GDP of the Basque Country, and generates gross revenue of €764 million per annum. There are 18,463 jobs associated with the circular economy, i.e. 2.08% of employment in the Basque Country. This figure is higher than that for Spain as a whole (2.00%) and for Germany (1.71%).

With its circular economy policies, the Basque Country has shown that it is possible to de-link economic growth from material consumption. The Basque economy grew by 26% from 2000 to 2060, but consumption of materials dropped by 25% in that time and the proportion of municipal waste deposited in landfills decreased by



56% Over the same period the material productivity indicator for the Basque Country, which shows the amount in Euros generated per kg of material consumed, improved from €1.3 to €3.3 per kg, a figure well above the European average of €2.21 per kg.

Material flow analysis is a key instrument for monitoring progress towards a circular economy. This is an accounting system that measures material inflows and

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outflows in tonnes in regard to the economy of a given territory.

2016 data show that the Basque country consumes 48.9 million tonnes of material per annum, 71% of which is imported. In terms of outflows, the region produces 5.8 million tonnes of waste per annum, 53% of which is recycled.

The circular economy provides considerable opportunities for Basque industry, which consumes 21 million tonnes of raw material per annum, 77% of which is imported. Industry also accounts for 72% of the waste produced, with 42% of it going to landfills.

The report *Diagnóstico de Economía Circular en la Industria del País Vasco* ["Diagnostic Study of the Circular Economy in Basque Industry"] states that if innovative, more circular solutions were applied the savings in raw material consumption could amount to as much as 6%, which would mean cost savings of €2 billion for Basque industry. Metalworking (steel-making, foundries and metal products) and mobility (automotive and aeronautical) would account for half of the potential savings for Basque industry.

TO MAKE THE MOST OF THESE OPPORTUNITIES, THE BASQUE GOVERNMENT HAS DRAWN UP THE BASQUE CIRCULAR ECONOMY STRATEGY TO 2030.

This planning instrument is the result of an intensive process of engagement with economic, environmental and social actors in the Basque Country including municipal councils, provincial councils, publicly and privately run companies, research centres, universities and the general public.

THE GOALS ARE AS FOLLOWS:

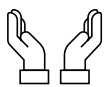
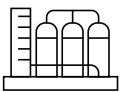
- TO INCREASE MATERIAL PRODUCTIVITY BY 30%.
- TO INCREASE THE RATE OF CIRCULAR USE OF MATERIALS BY 30%.
- TO REDUCE THE AMOUNT OF WASTE PRODUCED PER UNIT OF GDP BY 30%.
- TO HALVE THE AMOUNT OF FOOD WASTED.
- TO MAKE ALL PLASTIC PACKAGING USED IN THE BASQUE COUNTRY RECYCLABLE.



AID FOR BUSINESSES IN SETTING UP A CIRCULAR ECONOMY MODEL

6

In 2018 the publicly run company Ilobe set up various programmes of aid for companies to foster eco-innovation, eco-design and the circular economy in the Basque Country. This aid was centred on four programmes:



CIRCULAR ECONOMY DEMONSTRATIONS

Pilot, pre-industrial and industrial schemes to demonstrate the technical, financial and environmental viability of new technologies, the use of secondary materials and other circular economy solutions in general, aimed at extending the lifetime of products (re-manufacturing and advanced repairs) or preventing wastage and recovering as much value as possible from materials (especially plastic and metal).

The maximum funding awarded per project was €30,000, with a duration of 13 months.

ECO-DESIGN

Analyses, tests and technical developments, including prototypes, to confirm that eco-design proposals for products and services are viable and that their environmental performance in life-cycle terms is better than the methods used previously or others on the market.

The maximum funding awarded per project was €20,000, with a duration of 15 months.

BUSINESS ECO-INNOVATION

Industrial development projects to check out innovative solutions through detailed analysis of technologies and markets, with a higher level of risk than in demonstration projects, potentially involving more than one company and drawing up a route map of opportunities for Basque industry if possible.

The maximum funding awarded per project was €100,000, with a duration of 18 months (€200,000 and 25 months for projects considered as drivers capable of making a significant impact on the sector).

DESIGN EXCELLENCE IN R&D&i PROJECTS

Improving the quality of applications for aid for innovation under other national and EU programmes, especially Horizon 2020 (and SME Instrument), the LIFE program and CDTI so as to increase the likelihood of success.

The maximum funding awarded per project was €12,000, with a duration of 7 months.

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GOOD PRACTICES IN THE BASQUE COUNTRY

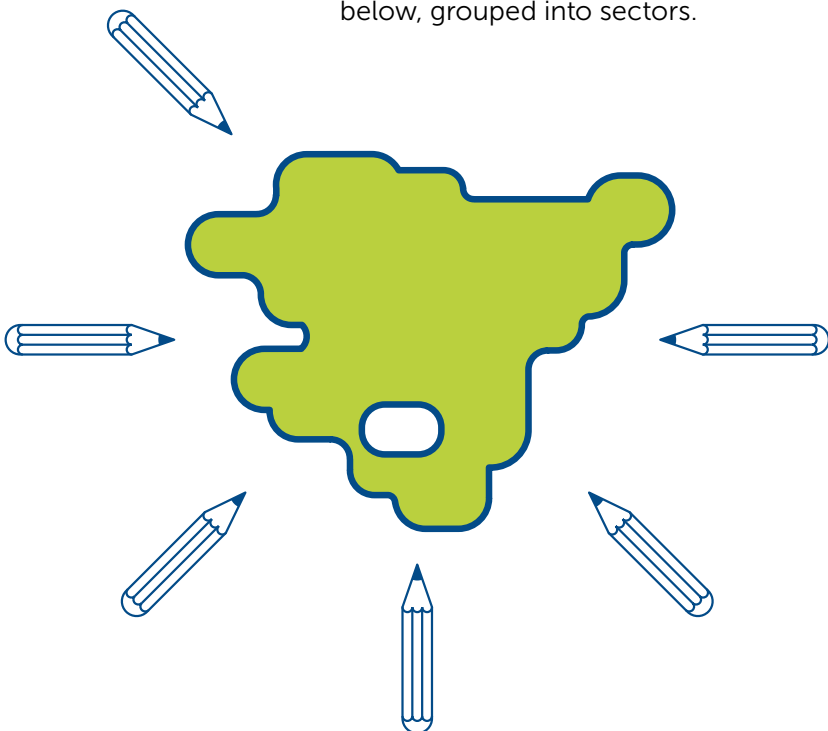
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In recent years several Basque firms have conducted projects of different types that can be seen as examples of good practices in the context of a circular economy, thanks to aid provided by the Basque Government Department of the Environment, Environmental Planning and Housing.

Ihobe has published a report outlining the 36 projects funded under the **2014-2016 call in the programme for aid for the circular economy**. They cover a wide range of schemes. Purely for purposes of illustration, and with no intention to prioritise one project over another, some of the projects funded are listed below, grouped into sectors.

A document has also been published that compiles information and results from the eight circular economy project is completed under the call for **“Demonstration Projects for Reintroducing Materials and Products onto the Market by Valorising Waste”** set up in 2011.

Like the report indicated above, it gives a non-exhaustive list of examples without prioritising any one project over another. The projects featured come from the paper, construction, waste management and plastic sectors and include checks on PCD valorisation technology for sludge from de-inking, the production of pozzolanic bricks from construction & demolition waste (CDW), the recovery of degraded areas using sludge-based technical soils, CDW and recycled bentonite and the separation and recycling of textiles, toys, books and small WEEE using voice-controlled automated equipment.





AUTOMOTIVE & TRANSPORT INDUSTRIES

- VALORISATION OF DISUSED SHIPS
- REUSE, RECYCLING AND VALORISATION OF SUNDRY WASTE FROM DISUSED VEHICLES
- PRODUCTION OF CARPETS FOR VEHICLES FROM 100% RECYCLED TEXTILES



ELECTRICAL EQUIPMENT & MACHINERY

- NEW RAW MATERIALS FROM WEEE (WASTE ELECTRICAL & ELECTRONIC EQUIPMENT)
- INCREASED RECOVERY OF NON-FERROUS METALS FROM BATTERY WASTE
- RECYCLING AND VALORISATION OF PV SOLAR MODULES



METAL

- USING AGGREGATES FROM STEEL-MAKING AS RAILWAY TRACK BALLAST AND SUB-BALLAST
- RECOVERY OF ZINC-LEAD OXIDES AND IRON FROM COMMON STEELSHOP DUST
- INNOVATIVE CEMENT BASE PRODUCTS MADE BY VALORISING STEEL BY-PRODUCTS IN THE FORM OF MOULDING SAND



CONSTRUCTION & BUILDING WORK

- MANUFACTURING OF URBAN PAVING WITH NEAR-ZERO CARBON FOOTPRINT
- HYDRAULIC TILES MADE FROM RECYCLED AGGREGATES RECOVERED FROM RUBBLE
- NEW TYPES OF ARTIFICIAL AGGREGATES BASED ON CONSTRUCTION AND DEMOLITION WASTE
- NEW BITUMINOUS BLENDS BASED ON GRANULATED RUBBER FROM DISUSED TYRES



PLASTIC AND RUBBER

- RE-USE AND RECYCLING OF INDUSTRIAL PACKAGING
- OPTIMAL SEPARATION AT SOURCE OF NON-HAZARDOUS INDUSTRIAL WASTE TO INCREASE RECYCLING
- DEVELOPMENT OF NEW FUNCTIONAL LOADS USING RECYCLED RUBBER MATERIAL



TEXTILES AND FASHION

- TEXTILE PRODUCTION USING RECYCLED YARN
- RECYCLED FOOTWEAR MADE FROM WASTE FROM THE BASQUE COUNTRY
- RECYCLING FISHING NETS INTO TEXTILES
- NOISE INSULATION USING RECYCLED, POST-CONSUMPTION TEXTILES



PAPER & BIO_WASTE

- VALORISATION OF SLUDGE FROM PAPER MILLS AND WASTE-WATER TREATMENT PLANTS
- PRODUCTION OF EARTHWORM HUMUS FROM THE ORGANIC FRACTION OF MUNICIPAL SOLID WASTE

CIRCULAR BUSINESS MODELS



8

DIFFERENT APPROACHES CAN BE TAKEN UNDER THE UMBRELLA OF A CIRCULAR BUSINESS MODEL.



Business models based on a circular value chain seek to shift the way that resources are used towards a system that leads to longer useful lifetimes, greater repairability and greater use of renewables and biogenic or fully recyclable materials. The key stages in the life-cycle of this business model are raw material extraction and manufacturing.

Collaborative models seek to optimise the usability of products through changes in mechanisms for product access and ownership. The use of virtual platforms to access products is a case in point. In this case the key life-cycle stages are sale and, in part, use.

Servitisation is another possible business model. It involves broadening the use of a product by offering the customer useful services without requiring them actually to acquire the product per se. Ownership of the product remains with the firm that provides the service. This enables it to optimise product use. This model can be applied to all stages of a product's life-cycle. The European Commission estimates that such business models

can provide new sources of stable revenue and growth of between 25 and 50% at one out of every four companies in the coming five years.

Another possibility is to apply a business model focused on extending the useful lifetime of products through repair, maintenance, improvement, second-hand markets and re-manufacturing. This applies to the use and end-of-life stages of products. This model is compatible with servitisation. The European Commission calculates that by 2030 re-manufacturing will be generating up to €98.9 billion per annum and employing 587,000 people (European Commission, 2015).

The final business model considered seeks to recover value from waste at the end of the life cycle of products, including both materials and energy.

To develop these business models, greater knowledge is needed in areas concerned with new processes to complete cycles and conserve resources, using innovative re-manufacturing technologies with systems that facilitate reverse logistics, with industrial ecology. They also require changes in the mindset and culture of consumers, who think more in terms of owning products than using them.

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9



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<https://circulareconomy.europa.eu/platform/en>

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RESOURCES FOR
JOURNALISTS

KEY WORDS: circular economy, climate change, pollution, waste, renewables, cradle to cradle, the blue economy, biomimetics, regenerative design, the performance economy, industrial ecology, natural capitalism, reduce, reuse, recycle, eco-design, re-manufacturing, sustainability, eco-efficiency, composting, valorisation, landfill, servitisation, life-cycle, eco-innovation.

10 KEY POINTS ON THE CIRCULAR ECONOMY



The circular economy **is based on the cycle of nature, where waste is turned into resources**, thus saving materials and energy and preventing refuse from building up.



The European Union has adopted several packages of measures to foster a circular economy in Europe, including a common target of **recycling 65% of municipal waste** by 2035 and **70% of packaging waste** by 2030.



The Basque Country was the first region in Europe to compile full information on the circular economy in line with the criteria and methods of the European Commission.



According to a report by Ihobe, **a shift to the circular economy by Basque industry would reduce raw material consumption by 6% and result in financial savings of €2 billion.**



The circular economy accounts for 1.12% of the GDP of the Basque Country, and generates gross revenue of **€764 million** per annum and **18,463 jobs**, according to a report by Ihobe.



Re-manufacturing means returning used products to a condition at least as good as when they were put on sale as new, and guaranteeing that they are as good or even better than originals.



Expanding the circular economy could create 3 million jobs and reduce the number of people unemployed in the EU by 520,000 by 2030 according to a report by UK-based organisation WRAP.



According to the German Federal Environment Agency, **80% of the environmental impact associated with products is determined by their design.** This is why **eco-design** (i.e. making the environment a prime concern in the design of products and services) is so important.



Ihobe has various programmes of aid for businesses in fostering eco-innovation, eco-design and the circular economy in the Basque Country.



Several Basque firms have undertaken projects in recent years that can be considered as examples of good practices in the circular economy, thanks to aid from the Basque Government.



11



The concept of the circular economy is presented as an alternative to the current, linear “take-make-use-dispose” economic production model. This disposable model is unsustainable in a world with finite resources, and its impact is increasingly evident in the overexploitation of natural resources, climate change, pollution, the build-up of waste, loss of biodiversity, etc.

The circular economy is not an abstract concept and does not apply only to businesses and institutions: the general public can also incorporate it into their everyday lives and help to extend it.

Thanks to eco-design, it is possible to design products that last longer, are easier to repair and are 100% recyclable. The European Commission estimates that European businesses could save up to €600 billion through the creation of better eco-designs and by preventing and reusing waste. By cutting costs, businesses can become more competitive and better able to tackle crises.

According to a study by the Ellen MacArthur Foundation, **much of the EU manufacturing sector could save up to €650 billion and create tens of thousands of jobs** up to 2025 by implementing a circular economy.

In 2015 the EC adopted a plan for circular economy measures with the financial backing of the European Structural and Investment Funds (ESIF), €650 million from Horizon 2020 and €5.5 billion from Structural Funds.

The 2018 Circular Economy Package adopted by the EC includes a broad strategy on the use of plastics in the EU in a circular economy context: by 2030 all plastic packaging must be recyclable.

The circular economy accounts for 2.08% of all jobs in the Basque Country, a figure higher than those in Spain as a whole (2%) and Germany (1.71%). Over 150 Basque industrial firms already apply circular economy practices or models.

