

Can the economy go full circle?



A circular economy has long been a very good idea. Rather than using raw materials to make products that are then thrown away, a circular system recycles products after use back into the manufacturing process. Also known as “closed loop” or “cradle-to-cradle”, it makes good business sense: procurement and sourcing is more secure and transparent, it’s cheaper and also happens to be much more environmentally friendly. But if that’s the case, why aren’t more companies doing it? And what can be done to move the circular economy into the mainstream?

This was the topic of a Guardian roundtable, held in association with Marks & Spencer. Adam Elman, global head of Plan A Delivery at Marks & Spencer, offered an effective introduction: “We need to find a way of using fewer resources and using resources better ... ultimately, it is about finding new ways of consumption. Whether you call it the ‘circular economy’, ‘the sharing economy’, ‘collaborative consumption’, we need that agenda to move forward at a different pace and at a different scale.”

Some organisations are already doing this well. Carpet manufacturer Desso has a scheme whereby it takes back any waste carpet from customers irrespective of whether it is a Desso product or not; this is then sent to a recycling plant in Holland, the yarn is retrieved and is eventually made back into Desso carpet. “We are saving and making money for everybody, and creating new employment,” enthused Carole Monterege, key accounts manager, Desso.

Enlightened regulation

Other stories in the room included National Grid's closed-loop recycling of aluminium conductors, M&S's Shwopping scheme for used clothes and Cisco's redeployment of London 2012 IT infrastructure to recipients including WWF. Individuals and organisations are also sharing each other's unused capacity, such as the rapid growth of spare-room holiday lets via Airbnb.co.uk. Benita Matofska, founder of The People Who Share, has calculated the potential worth of unused goods, property and empty spaces globally to be worth a potential £3.5tn, "and that is just what we've been able to source and document – the actual figure is likely to be much more".

There are many barriers in the way, however, of a circular or shared economy. It requires a lot of joined-up thinking, cross-sector collaboration and enlightened government regulation – all of which are currently in short supply. "We need to see a complete reorganisation of production and consumption systems, and companies working much more cleverly together as a horizontal economy", argued Dax Lovegrove, head of business and industry relations, WWF UK. "We don't see many big players delving into that space ... there is possibly only one circular economy MBA in the UK, at Bradford University, [and] that's perhaps a good indicator of where we are at."

The will and the desire is there said Stuart Bailey, group head of sustainability and climate change, National Grid, "but the whole problem is supply-chain logistics ... [for example] we have transition towers made of folded metal plate, and very few people in the UK can make folded plate that's 3.5 metres wide, and those that can can't use recycled steel in the process."

There is also an education and skills gap. Anne Lise Kjaer, who has advised the EU and major industry on sustainability policy, including Marks & Spencer's Plan A, argued that the message has to start with school children. "If we don't go into schools and talk to them about this, they won't go home and talk to their parents and help to make it happen ... I was brought up in Denmark – we were the first to recycle in the whole world, and something we did every year was to plant trees ... that's the level we need to bring it down to."

With the message failing to be conveyed within higher education too, this lack of knowledge carries on into the workforce. "We did a survey earlier in the year with the grocery sector," said Mark Barthel, special adviser and head of design, Wrap, "and the skills and knowledge levels around sustainability and the circular economy are atrociously low ... we've got a real challenge here, how do we build this skills and development agenda and how do we work collaboratively ... to really drive this?"

There was a debate, however, as to where best to concentrate such efforts: on the consumer or on the business world. Chris Dow, chief executive of Closed Loop [Recycling](#), believed that the consumer is “the magic bullet in all of this” – once persuaded by the worth of a circular economy, both economically and environmentally, consumer demand would be such to force the business world to change, said Dow.

However, Neil Harris, senior manager, Cisco Systems, disagreed, saying, “I can’t help but think that we just have to do it for the consumer ... it’s our job to deal with the discontinuous change, the technical tough stuff behind the scenes. Explaining this to them doesn’t seem to work.” Barthel concurred, saying “any behavioural change takes at least a decade, no matter how trivial it is ... For some of the issues we are facing in resource security, can we afford to wait 10 years? No, we can’t. So we need to figure a way of getting around the consumer.”

Jonathon Porritt, who has wrestled with these issues for years as the founder director of Forum for the Future, believed that business’s inability to agree on this point is holding back the circular economy. “This is a big deal – whether the consumer is relevant to this story or not. It’s something that is often raised ... we want the consumer to be involved because it would be so much better if they were. But all the operating experience tells us that in fact levels of involvement from consumers have been quite small historically.”

There is, however, a middle ground, suggested Mike Barry, director of Plan A, Marks & Spencer. “There are certain things that will just happen. A lot of retailers can swap all their coffee to fairtrade, their eggs to free-range, and to the consumer it’s still just eggs and coffee ... But there are other areas that need a different buy-in.” For example, he pointed out changing business models, which make shopping more sustainable by effectively “renting” clothes to customers and then recycling them at a later date, could be difficult for some people to get used to. “If you’re an older customer ... That seems a bit of a leap, and so there’s certain aspects of the model where you have to get consumer buy-in.”

Economic motivation

The motivation for both business and consumers, all agreed, is not necessarily environmental but economical. “What we need to factor into all of this is an understanding of why consumers do what they do and why they do it,” said Pippa Goodman, commercial director, Future Foundation. “And fundamentally people do it

for financial reasons, to save money. In terms of getting various corporations and systems in place to push this forward, that's the story that has got to be packaged."

But there's also a third player with the power to make or break a circular economy: the government. "Without government intervention, the circular economy will never move at the speed [we want]," said Porritt. "Extended fiduciary responsibility is by far the most important thing that has happened inside European and global markets to drive better attitudes inside business. Targets set for emissions and only those targets have driven changes inside OEMs [original equipment manufacturers] and other big sectors ... so we have to get governments back into clever, smart, future-oriented regulations. Without that, it won't really work."

Landfill tax was upheld as an example of a positive regulation driving business toward the ethos of reduce, reuse and recycle. However, on the flip side are regulations driving the wrong behaviours. Dow mentioned a government subsidy that still exists to send recycling overseas, despite the carbon and economic costs of doing so. For National Grid, said Bailey, a major headache is caused by clay deposits removed during tunnelling being classified as waste (and the strict regulations that come with that) despite being a reusable material for the company. Mark Walker, general manager of car club company Zipcar UK, informed that a new sub-75g emissions limit for the London congestion charge means "we are no longer incentivised to buy fuel-efficient cars" due to a lack of suitable cars on the market.

What is needed, concluded Walker, is "a pincer movement" of all the relevant parties – consumers, business and government – coming together. All three know that using fewer resources is better for them and for the planet. But it is only by collaboration that the goal of a circular economy can move from a concept to a reality. "M&S set itself a target of zero waste to landfill without really understanding how we were going to get there," said Barry. "I think these big goals drive a level of innovation that none of us can imagine ... sometimes that's how business works, you set the target and then you find the innovation".

At the table

Oliver Balch (Chair) Journalist

Chris Dow Chief executive, Closed Loop Recycling

Mike Barry Director of Plan A, Marks & Spencer

Adam Elman Global head of Plan A Delivery, Marks & Spencer

Dax Lovegrove Head of business and industry relations, WWF UK

Neil Harris Senior manager, Cisco Systems

Anne Lise Kjaer Founder, Kjaer Global

Jonathon Porritt Founder director and trustee, Forum for the Future

Pippa Goodman Commercial director, Future Foundation

Benita Matofska Founder, The People Who Share

Mark Barthel Special adviser and head of design, Wrap

Stuart Bailey Group head of sustainability and climate change, National Grid

Mark Walker General manager, Zipcar UK

Carole Monterege Key accounts manager, Desso

Roundtable report commissioned and controlled by the Guardian. **Discussion** hosted to a brief agreed with Marks & Spencer. **Funded** by Marks & Spencer.