

Circular Economy: from Evolution to Revolution

Briefing on new policy levers by James Greyson, Head of BlindSpot Think Tank

Europe must rapidly implement circular economy. However European debate focuses on policy levers that have evolved little since the 1970s; targets, tax shifts and product standards. A circular revolution will need new levers. At the European Commission's [2014 Green Week](#) Arthur ten Wolde and James Greyson presented 3 new levers to enable a rapid full systemic change.

Lever 1: How to throw away the idea of waste in every decision made by everyone?



Precycling is what we do now to ensure that resources won't end up as wastes in ecosystems. The term was created by Maureen O'Rorke in 1988 for a Californian local authority waste campaign. Today, precycling can be used to translate the attractive vision of circular economy into tangible actions. Households can precycle food by setting up composting. Manufacturers can precycle by redesigning for durability and recyclability. Local authorities can precycle by investing in recycling collections rather than incinerators. Societies that expand rather than deplete ecosystems are precycling the materials that nature regenerates. Everyone can precycle somehow and every product can be precycled somehow.

Precycling reinvigorates the 40 year-old waste hierarchy by focusing away from disposal options and toward options for avoiding waste in ecosystems. The practice of waste management is shifted from 'what to do with waste' to 'how to stop waste'. Precycling is well suited to awareness raising, dialogue, product labelling and design of economic tools because it's novel, engaging and non-prescriptive ([ref 1](#)).

Lever 2: How to efficiently build producer responsibility into all product types and markets?



The concept of precycling supports the design of a market based instrument to make circular economy happen at whole-economy scale ([ref 2](#)). As a systemic rather than sectoral tool the new MBI is called precycling premiums. It allows less regulation to do much more. It can overcome political reluctance about state intervention, regulatory complexity and new taxes.

Precycling premiums are a levy obliged by nation states to allocate responsibility for a risk that otherwise falls on society as a whole. They may be compared to third party vehicle insurance, where governments ensure responsibility for accident risks are retained by drivers. Precycling premiums account for the risk that products may end up as accumulating wastes in the land, air or water.

This is a novel approach to externalities. Waste externalities, such as pollution, climate change and resource depletion, are difficult to predict and value. However the risk of any product becoming waste in ecosystems (called waste-risk) is relatively simple to quantify. Waste-risk is an effective proxy for the shared risk of an unsustainable future, allowing markets to systematically internalise and hence avoid numerous resource-

related problems. Products with higher waste-risk will pay higher premiums so the incentive for all market participants will be to minimise their costs and maximise their profits by minimising waste risk – ie by recycling.

Precycling premiums extend the practice of 'recycling insurance' in the EU WEEE Directive. Recycling insurance protects against the risk that certain product types are not recycled. Precycling premiums protect against the risk that any type of product is not replaced, reduced, reused, remanufactured, composted, recycled or otherwise prevented from ending up as a waste in ecosystems. Producers who choose not to cut their waste-risk pay premiums to an insurer who spends them cutting waste-risk throughout society. Given transparent, fair, efficient, circular markets, producers would intensively innovate, compete and collaborate to lead circular economy in Europe and beyond.

The compatibility of precycling premiums with all other existing or potential instruments allows them to harmonise and accelerate circular economy irrespective of other initiatives in various places and sectors. Precycling premiums offer a mechanism to meet or exceed ambitious targets for resource efficiency and recycling. Existing recycling infrastructure and producer responsibilities reduce the waste-risk of those products, so reducing premiums. Carbon taxes, carbon trading and energy efficiency obligations cut the waste-risk of fuel products. Precycling premiums and resource taxes on primary products could be applied interchangeably.

Lever 3: How to unlock a circular mindset in all policymakers?



Circular economy has been presented for almost 50 years without scaling up. The whole-economy shift continues to await a shift of mindset among political decision-makers. Yet the opportunity of circular economy is typically framed by the interests of its advocates rather than those who could scale it. How can it be framed to capture the interest and imagination of politics?

- a) It's the economy... Linear economics has been wired into political brains as the main way to get growth. Yet future economic growth depends on a rapid shift to circular economy. This historic shift of mindset, strategy and economics was published by the NATO Science Programme as advanced research on global security ([ref 3](#)).
- b) It's simpler and faster. There's a simple choice of two possible future paths for the whole economy, including all resource flows. Change can be implemented quickly with less regulation than traditional incremental targets and rules.
- c) It's cheaper. Putting producer responsibility into markets minimises both prices and costs of impacts. Externalities are prevented rather than suffered. Spending on prevention adds to growth.
- d) It's not about political parties or government budgets. It's about aligning economy and ecology to inspire innovative solutions on a new scale of ambition!

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