



SOCIAL DIMENSION OF CIRCULAR ECONOMY – REPORT OF THE WORKSHOP

Taking place in JDE61 of the EESC during the first session of workshops, approximately 35 people attended the workshop looking at the social dimension of the circular economy.

Organised in two panels, the objective of the workshop was to share findings on the circular economy's impact on labour and discuss adequate policy responses. The workshop also considered the key role a functional economy can play in spreading circular principles for social development.

Success Stories

The **first panel** was led by [Laurent Zibell of industriAll](#), and focused on the anticipated impacts of the circular economy on workers while highlighting the following success factors:

- Both studies presented anticipate a modest, but positive, impact of Circular Economy on employment volume.
- The impact of Circular Economy on skills content should be smooth enough to avoid career disruptions.
- Technically, it is possible to produce longer lifetime products.
- Some companies have built their success on the roll-out of a Circular Economy strategy, e.g. selling usage of equipment rather than the equipment itself.

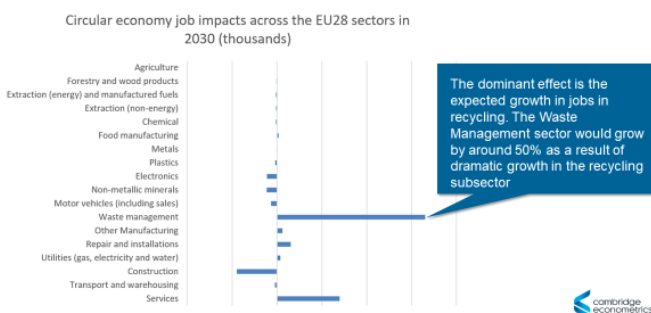
A report on '**A Longer Lifetime for Products: Benefits for Consumers and Companies**' was presented by [Dr. Carlos Montalvo from TNO](#). Introducing longer lifetime of products is likely to create jobs (e.g. big increase expected in waste management activities). However, some sectors will lose from this (e.g. in extractive industries, manufacturers, wholesale, retailers, transports). There is ample evidence that in many cases, a longer lifetime represents a reduction of environmental impact. The current policy framework includes some measures to foster longer life of products, for example measures on consumer protection related to guaranties and safety, initiatives on promoting eco-design and eco-innovation etc. However, the concept of a longer lifetime for products is currently not explicitly present in environmental-policies and regulations. Some key policy recommendations from the study include the need to provide timely information, promote public debate (to raise awareness of longer lifetime products benefits); and put forward a regulatory framework that encourage repairing products.



Findings from a research on the "**Impacts of circular economy activities on the labour market**" were presented by [Philip Summerton from Cambridge Econometrics](#). A more circular economy will contribute to resource efficiency, reduce negative environmental impacts and increase employment.

The increase in net employment (**of around 700,000 jobs by 2030**) comes about because of a large structural change in the Waste Management and Recycling sector as a result of a large increase in demand for labour intensive recycling; a reduction in demand for 'primary' sectors; and the increase in economic efficiency overall (rebound effects). The change in skills demand will be evolutionary, rather than revolutionary. There are also large uncertainties particularly the degree to which the recycling sector might become automated.

Net employment outcomes



The **second panel** focused on the impacts of the circular economy on society as a whole and highlighted the following success stories:

- Introduction in France of circular economy in 2013.
- Regulation, taxation, training and incentives are the four main tools to have a big impact and lead to a circular economy

Francois Michel Lambert (MP), President of INEC, highlighted the developments in France related to the circular economy, and stressed that a number of changes are needed to maximise its impacts on society, e.g. changes in the tax system (labour taxation must be transferred to taxation of resource consumption). He also noted a need for change in legislation so it is aligned with the objectives of circular economy. Changes in consumer and producer behaviour must be driven by training from an early age, and in the incentives given to producers to change their business model.

EESC member Thierry Libaert presented possible ways to remedy planned or premature obsolescence, based on his report to the French government on sustainable consumption. This report will serve as the basis for the circular economy law expected this summer.



Audrey Douspis (Michelin) presented a concrete example from Michelin: their business model is based on functional economy, which consists in replacing the sale of a good by the sale of the use of that good. The firm thus bills for the kilometres travelled by vehicles equipped with its tires instead of selling them. She highlighted that it is possible for big companies to commit to the social dimension and promote sustainable development, while keeping consumers at the centre. Consumers need to understand the full cost of producing a product to be more inclined to choose sustainable ones.

New challenges

The main challenges related to the social dimension of the circular economy can be summarised as follows:

- **Circular transformation and social transformation.** The new jobs created by the circular economy, specifically in the maintenance and repair activities, should be industrial-grade, high-quality jobs
- **Innovation.** It is necessary to combine innovation and longer life products and it is crucial to promote other types of innovation beyond technical innovation: social innovation, regulatory innovation, etc. to improve consumers' acceptance. Best innovations will not come from technology, but from social changes
- **Impacts on health.** If we were to follow circular economy principles blindly, we may end up recycling products containing hazardous chemicals and using them for creating other products, thereby generating a risk for consumers' health
- **Affordability of products.** If prices are too high for consumers, acceptance of sustainable/circular products will be more difficult to gain. This may need the development of rental / leasing business models.

What's Next?

- The **EESC** expects to publish a study in May on the impacts of the transition to a circular economy on workers, businesses and consumers.
- The **National Institute for Circular Economy** will publish a study on complementary currencies and universal income as tools to lead to a circular economy. It also contributes to the circular economy draft law under preparation.

Want to keep the conversation going? Contribute your good practice on circulareconomy.europa.eu, join the online forum or drop us a line: CEStakeholderEU@eesc.europa.eu

