

The social benefits of a circular economy: lessons from the UK

“green alliance...”



Why is a circular economy good for people?

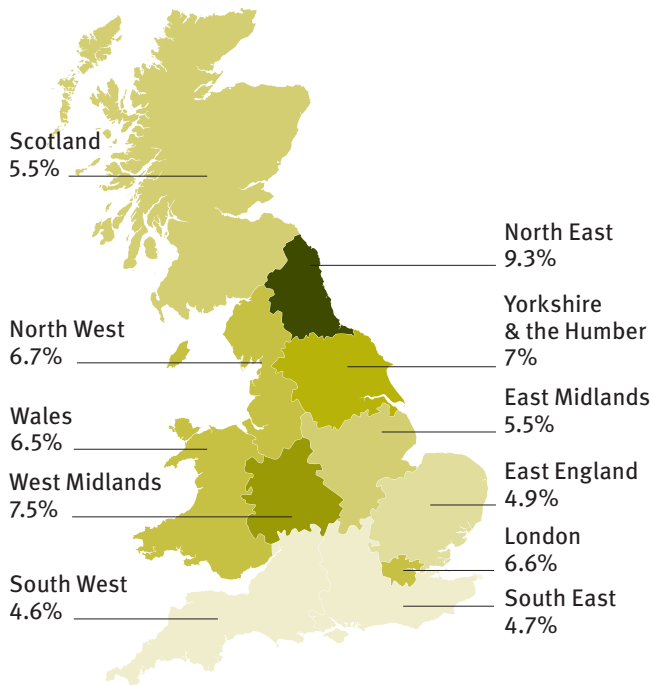
It isn't just business and the environment that benefit from the circular economy.

Good policy, that makes products easier to repair and longer lasting with incentives to take old products back, can cut unemployment and save people money.

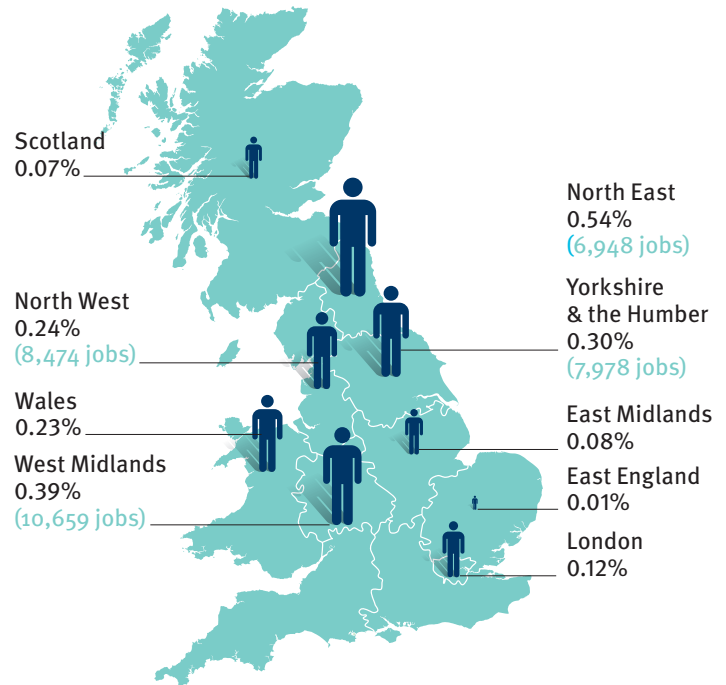
The circular economy can reduce unemployment where it is high...

Expanding the circular economy could create 205,000 new jobs in the UK alone. Because it can address labour market skill gaps and regional unemployment, 54,000 of these jobs could be net jobs by 2030, bringing people back into employment.¹ Other EU countries could reap similar benefits.

Unemployment rate in UK regions, June-August 2014



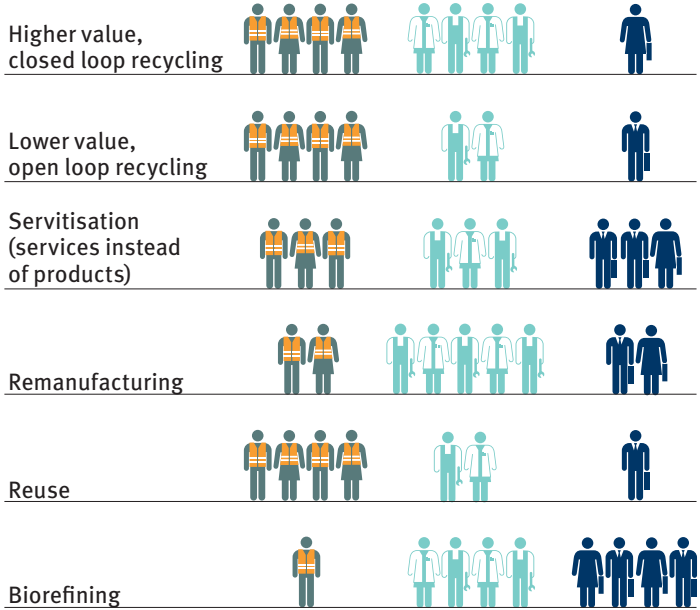
Net job creation in circular economy activity to 2030 at current growth rate, as a percentage of labour force



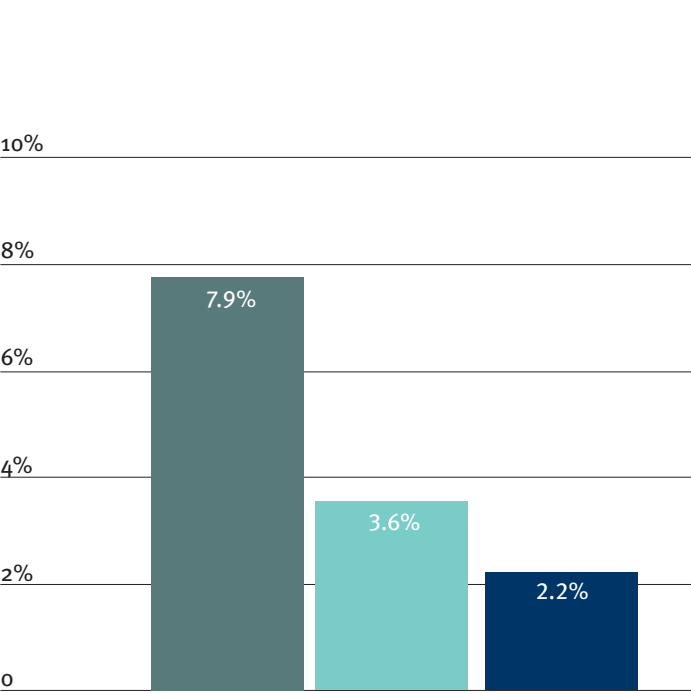
... and provide work at all skill levels in the labour market

Circular economy job creation potential by skill type¹

Activity



UK unemployment rate by skill type 2014²



Low skilled Skilled Professional

Low skilled Skilled Professional

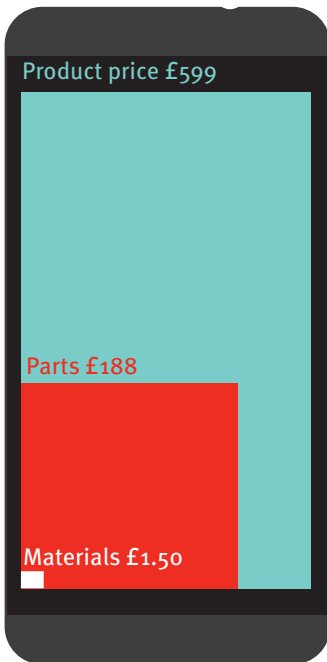
The circular economy is lucrative

By recovering value from items that would otherwise go to waste, the circular economy improves resource productivity and competitiveness. The most value comes from keeping things in working order.

In the UK, electronic and electrical goods are worth 50 per cent more if they are sold for reuse rather than recycling. However, only 23 percent are suitable for reuse and only two per cent are currently reused.³

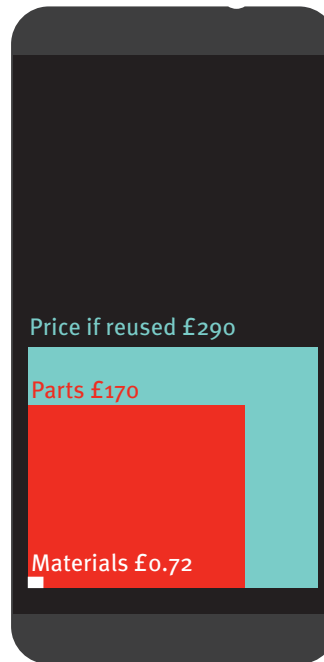
Reuse and parts harvesting are much more valuable than recycling⁴

New phone



Finished products are worth much more than the raw materials inside them

Second-hand phone

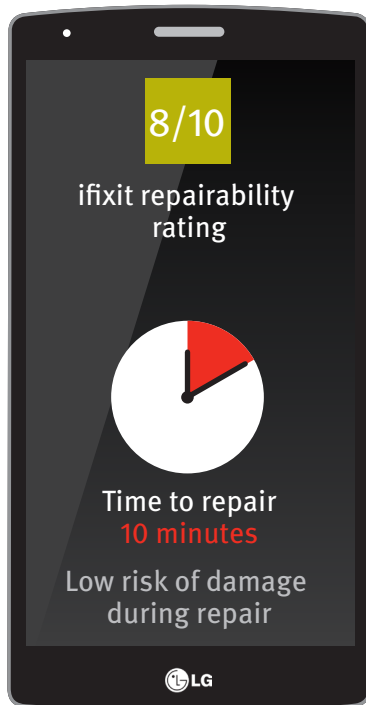


Parts in a broken phone are worth nearly one third of the original value of the device

Good design enables easy repair

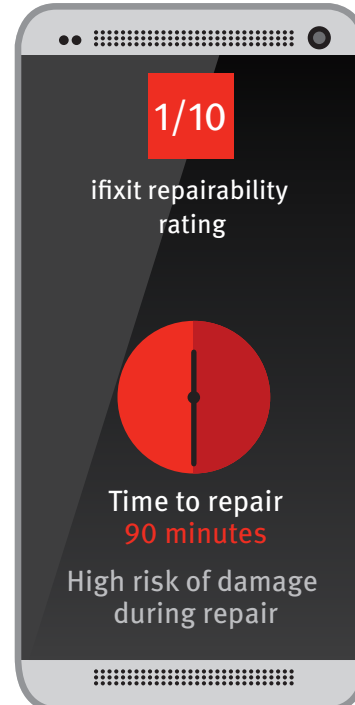
Apparently similar devices have very different levels of repairability⁵

LG G4 2015



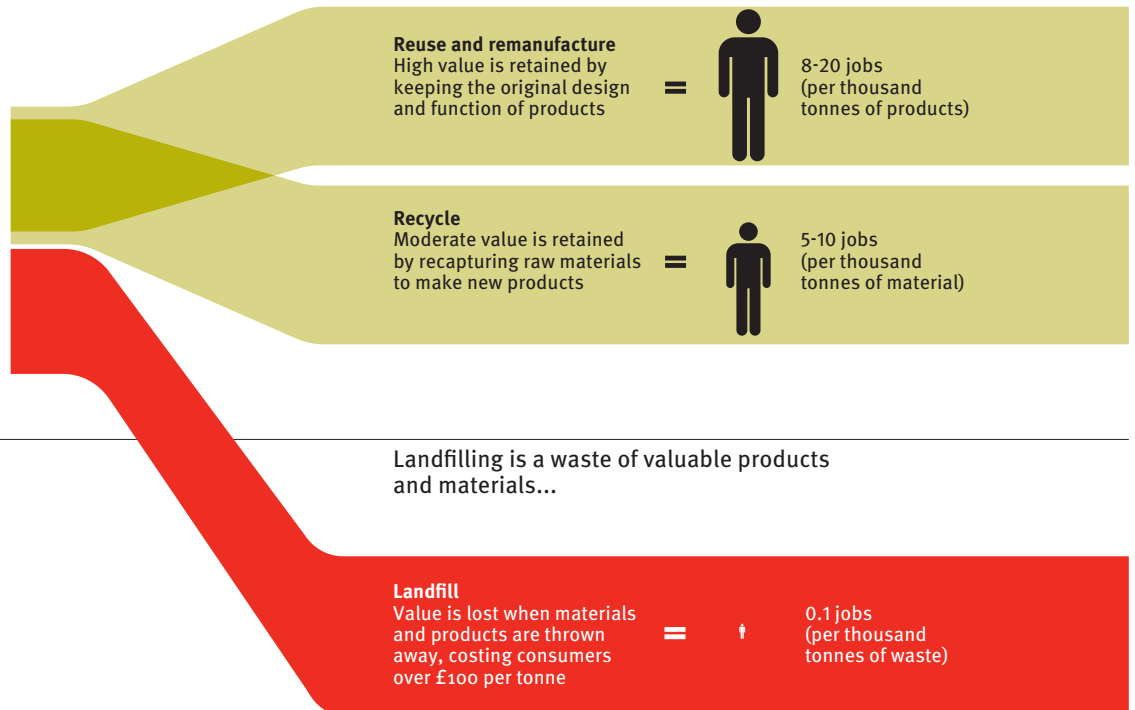
- + Rear panel battery can be removed with no tools
- + Many components are modular and can be replaced independently
- LCD is fused to the glass

HTC One 2013



- + Solid external construction improves durability
- Virtually impossible to open without extreme damage to rear case
- Battery is buried under motherboard and adhered to midframe

The sale of products for reuse and remanufacture supports more jobs⁶



Consumers want more repairable products

The proportion of laptops replaced in Germany because they were broken shot up from seven per cent in 2007 to 27 per cent in 2013, whereas the number of Germans who replaced their laptop simply for a better model fell from 56 per cent to 25 per cent over the same period.⁷

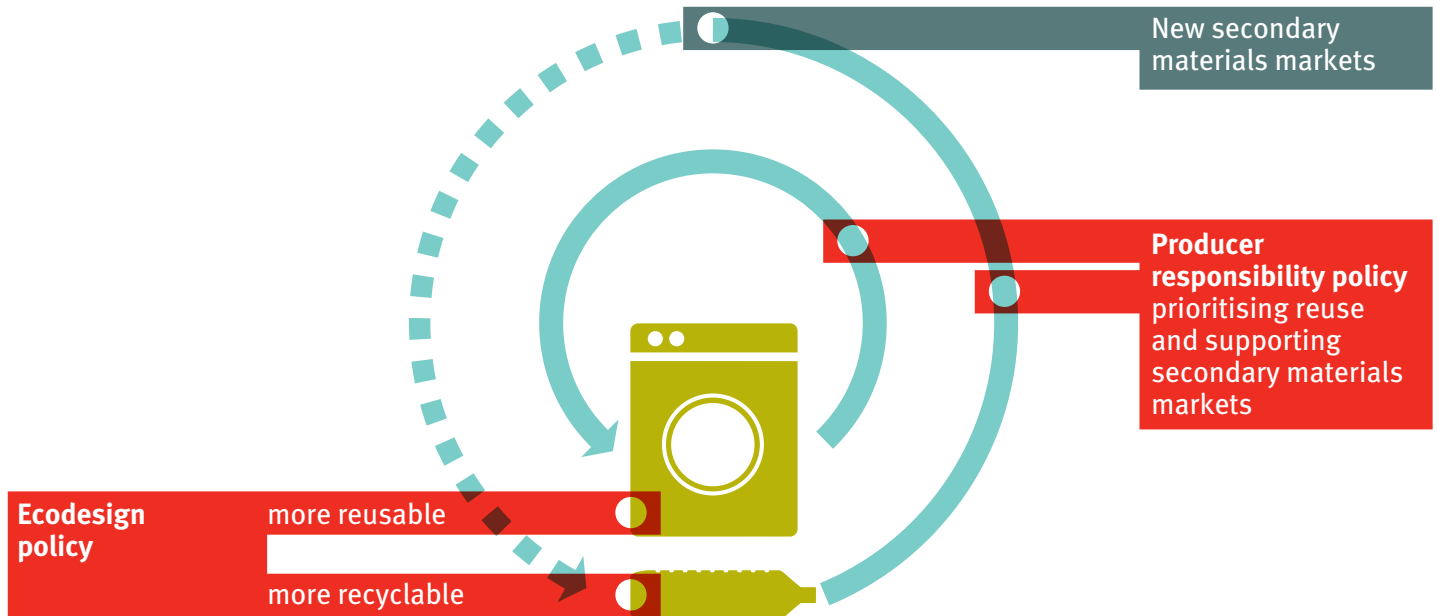


Qualitative research for the UK's Department for Environment Food and Rural Affairs shows that consumers are "annoyed" when devices don't last as long as expected, and they found that getting devices repaired was "too difficult."⁸



How the EU can help

Good policy can ensure better quality products that stay in use for longer



The EU's circular economy policy package has the potential to improve the design of products and ensure that producers reuse and recycle more.

Keeping valuable resources circulating in the economy supports the market for secondary products and materials across all regions, which could create new jobs in areas of high unemployment. It also satisfies consumer demand for better, longer lasting products.

An efficient circular economy will increase resource productivity and resilience, and it will help Europe to stay competitive in a world of rising demand for materials.

Sources

1. Green Alliance/WRAP, 2015, *Employment and the circular economy: job creation in a more resource efficient Britain*
2. Calculation based on data in: Green Alliance/WRAP, 2015, *Employment and the circular economy: job creation in a more resource efficient Britain*
3. Analysis by WRAP of the reuse potential of WEEE taken to Household Waste Recycling Centres, www.wrap.org.uk/sites/files/wrap/WRAP%20WEEE%20HWRC%20summary%20report.pdf
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5. Ifixit: www.ifixit.com/smartphone-repairability; and, www.ifixit.com/Guide/HTC+One+Display+Assembly+Replacement/19277
6. Adapted from: Green Alliance, 2014, *More jobs, less carbon: why we need landfill bans*
7. Oeko-Institut, 2015, *Influence of the service life of products in terms of their environmental impact: establishing an information base and developing strategies against "obsolescence"*
8. Brook Lyndhurst, 2011, *Public understanding of product lifetimes and durability (1) - A research report completed for the Department for Environment, Food and Rural Affairs*

Green Alliance

Green Alliance is a charity and independent think tank focused on ambitious leadership for the environment. We have a track record of over 35 years, working with the most influential leaders from the NGO, business, and political communities. Our work generates new thinking and dialogue, and has increased political action and support for environmental solutions in the UK.

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