Circular economy: definition, importance and benefits

The circular economy: find out what it means, how it benefits you, the environment and our economy thanks to our video and infographic.

The European Union produces more than 2.5 billion tonnes of waste every year. It is currently updating its legislation on waste management to promote a shift to a more sustainable model known as the circular economy.

But what exactly does the circular economy mean? And what would be the benefits?

What is the circular economy?

The circular economy is a model of production and consumption, which involves sharing, leasing, reusing, repairing, refurbishing and recycling existing materials and products as long as possible. In this way, the life cycle of products is extended.
In practice, it implies **reducing waste** to a minimum. When a product reaches the end of its life, its materials are kept within the economy wherever possible. These can be productively used again and again, thereby **creating further value**.

This is a departure from the traditional, **linear** economic model, which is based on a take-make-consume-throw away pattern. This model relies on large quantities of cheap, easily accessible materials and energy.

Also part of this model is **planned obsolescence**, when a product has been designed to have a limited lifespan to encourage consumers to buy it again. The European Parliament has called for measures to tackle this practice.
Why do we need to switch to a circular economy?

The world's population is growing and with it the demand for raw materials. However, the supply of crucial raw materials is limited.
Finite supplies also means some EU countries are dependent on other countries for their raw materials.

In addition extracting and using raw materials has a major impact on the environment. It also increases energy consumption and CO2 emissions. However, a smarter use of raw materials can lower CO2 emissions.

What are the benefits?

Measures such as waste prevention, ecodesign and re-use could save EU companies €600 billion - equivalent to 8% of annual turnover - while also reducing total annual greenhouse gas emissions by 2-4%.

Moving towards a more circular economy could deliver benefits such as reducing pressure on the environment, improving the security of the supply of raw materials, increasing competitiveness, stimulating innovation, boosting economic growth, creating jobs (580,000 jobs in the EU alone).

Consumers will also be provided with more durable and innovative products that will increase the quality of life and save them money in the long term.

Find out more
Briefing: new circular economy package