

CIRCULAR ECONOMY: THE *NEW* NORMAL

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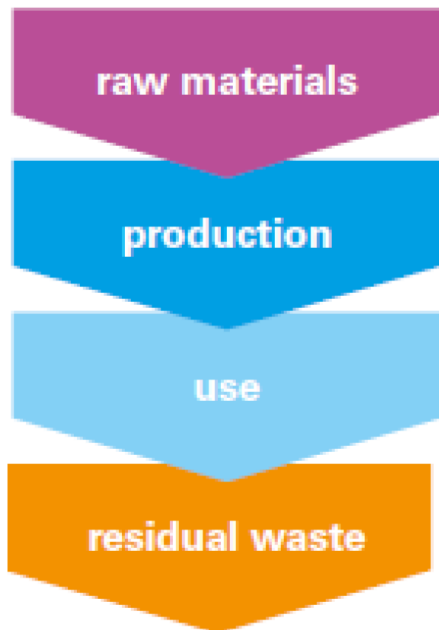
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What is circular economy?

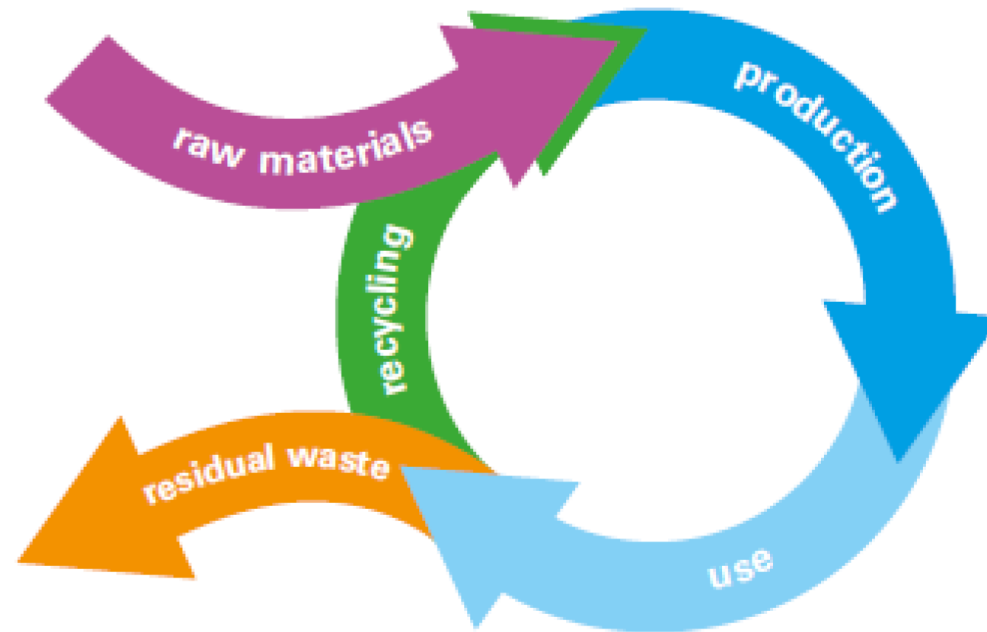
- Economy which functions with minimal waste and harms the environment the least;
- Economy in which materials are endlessly reused instead of wasted, and thus resource efficiency is achieved;
- An economic model much more efficient than the current linear (take-make-dispose) model

LINEAR ECONOMY



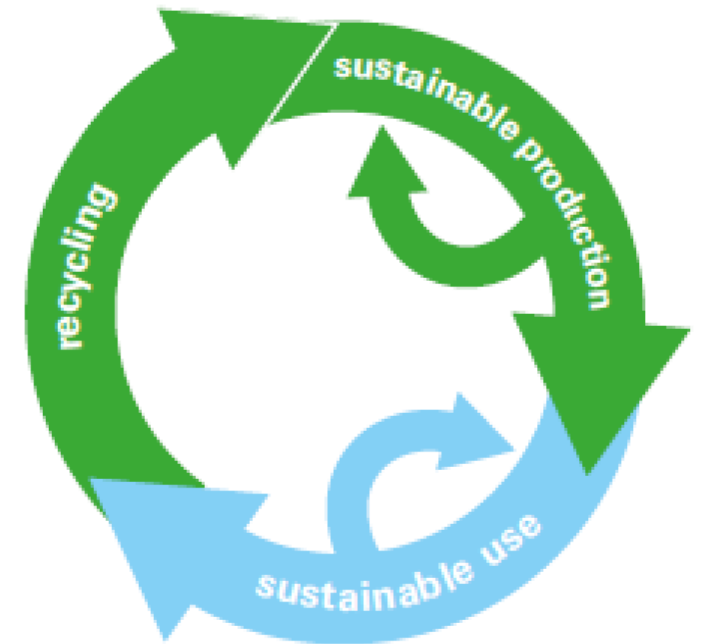
(a)

ECONOMY WITH FEEDBACK LOOPS



(b)

CIRCULAR ECONOMY



(c)

The Circularity Gap

- A fully circular economy would both reduce global natural resource use by **28 percent** and cut greenhouse gas emissions by **72 percent** (UN Environment statistics)
- **Our world is only 9.1 percent circular**, leaving a mass **“circularity gap”**. (Circle Economy)
- **Funding gap** has not been calculated to date, but definitely huge resources are needed for the transition

- Japan **recycles 98 per cent of its metals**
- Just **5 per cent of Japan's waste ended up in the ground**, compared to **48 per cent for the UK**
- Japan's appliance recycling laws ensure that **the great majority of electrical and electronic products are recycled**, compared with **30–40 per cent in Europe**
- Of these appliances, **74–89 per cent of the materials they contain are recovered**. Many of these materials go back into the manufacture of the same type of product

Where is EU?

- In 2015, the European Commission adopted Circular Economy Action Plan

Key elements include:

- A common EU target for *recycling 65% of municipal waste by 2035*;
- A common EU target for *recycling 70% of packaging waste by 2030*;
- A binding landfill target to *reduce landfill to maximum of 10% of municipal waste by 2035*

Financing the transition to circular economy: *What are the key challenges?*

1. Extended useful lives of goods, respectively of collaterals
→ need to rethink credit policies and risk calculations;
1. Unknown rate of returns of investments (due to their new nature) → higher perceived risk;
2. Insufficient government support (guarantees, etc.) for loans to circular projects → higher uncertainty;
3. New risks and risk cycles → need for new insurance products