

Economics and Environmental Policy Research Network

Research Symposium

October 29th – 30th, 2018

Session Notes for Panel IV: Private Sector Perspectives on Opportunities and Challenges for the Circular Economy

1. Context of Discussion

This session sought to explore real world business perspectives as they relate to the question of achieving a circular economy in Canada.

A key theme discussed in this session included looking at the opportunities that circular economy represents for Canada:

- Circular economy is more than an opportunity or an option; in many cases it will likely become apparent that it is simply a business necessity needed to stay competitive.
- The nexus between climate change and circular thinking is a substantial new opportunity and one worth exploring further.
- In particular industries, the large existing stock of a product still in circulation today represents a substantial opportunity for reuse and testing new circular economy concepts. For instance, 75% of all Aluminium ever produced is still standing and available for reuse in the future.

Challenges and barriers that businesses will face in the transition to a circular economy was another important theme:

- The goal of achieving a more circular economy will be impossible to achieve without good engagement between businesses and policy makers. In the past, the business community has not been constructive in engaging with policy makers to ensure the development of appropriate policy frameworks. There is a need to encourage better engagement moving forward.
- The currently incoherent policy environment was another barrier that was raised time and time again. More specifically, the standards established for other priorities currently form a barrier to innovation e.g. Health and safety regulations often haven't been looked at through an environment/climate lens. Additionally, there is a concern that individual jurisdictions and municipalities will begin creating their own regulatory frameworks for circular economy, rather than developing a single more cohesive, overarching set of rules and requirements.
- In many cases, the challenges faced in the transition to a circular economy are sector-specific. For instance, the challenges in cement manufacturing are not technological, but cultural and regulatory in nature e.g. concrete is 'infinitely recyclable', but many municipalities refuse to utilize recycled concrete. How we address these challenges will thus also need to be considered in a sector-specific way.
- A challenge for the future will be the question of how to remain at the forefront in responsible production within an industry, while production elsewhere in the world continues to expand in fossil fuel intensive ways.

- Additionally, there is a question of how to ensure that constituencies that don't want to transition to a circular economy, and/or actively try to prevent this shift don't hold up the transition for others.
- There is a concern about the current policy environment's ability to support the adoption of new technologies: given that we struggle to accommodate incremental innovations, how will we achieve the adoption of more transformative technologies? Additionally, there is the issue of governments not working well with "risk-based" approaches to policy that are required for innovation. There is a need to shift to more outcome-based regulatory approaches (e.g. market-driven, capable of bearing some outcome risk) from the more command-and-control regulatory approaches commonly used today.
- We don't currently have the necessary data to understand the 'industrial metabolism' of our economy. e.g. Germany has mass flow data for economy as a whole or for different sectors. The lack of data on stocks and flows (among other things) is a fundamental barrier to understanding where the opportunities are.
- Other barriers include the inability to exploit the knowledge that we already have, the poor level of curiosity on informing ourselves on what new data sets are needed, and the politics of opposition.

2. Research Questions Identified

- **How to incentivize increased engagement between businesses and policy makers in the development of a regulatory framework for circular economy?**
- **How can we support the development of some kind of "translational" capacity between the research, policy and industry communities?** i.e. ensuring that good research finds its way into government policy and industrial practice, linking the adoption of new technologies and outcomes based approaches.
- **At what levels (e.g. municipal, provincial, federal) are policy/regulations required to drive the transition to a circular economy forward? How do we ensure cohesiveness between these policies? What current policies will stand in the way of this?**
- **How to incentivize responsible production within an industry, while production elsewhere in the world continues to expand in fossil fuel intensive, non-circular ways?**
- **What changes are needed to develop a policy environment that actively supports the adoption of new technologies? How will we enable the adoption of more transformative technologies? What is needed to move from the command-and-control regulatory approaches commonly used by governments today to more outcome-based regulatory approaches? What new policies will help us achieve new performance based outcomes?**
- **What data do we need to be able to track progress in the transition to a circular economy? Who currently has this data? If this is currently not tracked, who would logically collect this data? What proxies could be used in the mean time?**