

**Event Summary**

**Circular Lunch, Strasbourg, 15 December 2015**

GLOBE EU hosted its first ‘circular lunch’ with members of the Bee Group in Strasbourg on December 15, 2016. The keynote address was delivered by **Walter R. Stahel**, an accomplished circular economy pioneer and author of “The Performance Economy”.

Sirpa Pietikaïnen, president of GLOBE EU, introduced Mr. Stahel as a visionary who inspired her to become an active proponent of the circular economy model. Both the revised package, published by the Commission on December 2, and the outcome of the COP21 climate conference in Paris, she said, would prove to create a paradigm shift in thinking about the sustainability of the EU’s economy.

Walter Stahel first introduced his theory of three economic models: linear, circular and performance. He then proceeded with his assessment of the Commission’s revised Circular Economy package, which he felt was too much influenced by the structure of the linear industrial economy and its end-of-pipe waste policies; as well as by existing EU legislation, such as the 2008 waste directive and its objectives of waste prevention through reuse, service-life extension, and preparation for reuse.

The biggest problem with the Commission’s package, he said, is that there is no differentiation between stock management and flow management. The objective of the revised package to maintain the value of products, materials, and resources for as long as possible, while minimizing the generation of waste, is not reflected in the package.

Indeed, terminology and graphics are borrowed from the linear industrial economy: the arrows depicting the four elements in the Commission’s circle (production, consumption, waste management, from waste to resources) appeared to have been given the same relevance whereas in a circular economy the use phase should be emphasized (while “consumption” should become “use” and “waste management” merges into “from waste to resources”). He regretted that many novel technologies, such as solar panels, are incompatible with eco-design principles and cannot be recycled. Also, he said, waste prevention should be the objective instead of waste management.

A Circular Economy encompasses stocks of all resources (natural, manufactured, human, and cultural). The Commission’s package, however, mainly considers natural (water and the bio-economy) and manufactured capital, consisting of immobile (e.g. buildings, infrastructure) and mobile goods; the latter not being covered broadly and evenly (e.g., packaging and electronic goods).

A different approach to express the future circular economy could be a foresight approach combined with back casting. Also, the financial concept of “Zero-Based-Budgeting” (ZBB) could possibly be adapted to “Zero-Waste-Budgeting”.

On the issue of sustainable taxation, Stahel said that national governments should cease taxing labor and tax the use of natural resources instead. In this context, a value-added tax would be a misnomer since circular economy principles attach more importance to preservation than value-added. The revised Circular Economy package, however, doesn’t propose changes to the EU’s fiscal regime because the Commission has no competence in this area. Nonetheless, according to Stahel, the Commission would be empowered to regulate fees.

He then moved on to explain his ideas about leasing instead of outright ownership: using mobile phones and buildings as examples, he furthered the idea that each individual component could be owned by the producing companies. Ultimately, he submitted, consumers would only own outright something that would increase in value. In a circular economy, the most profitable value preservation strategies and business models should prevail, incorporating responsibility over the full product-life with waste-to-resource costs and technologies (e.g., closed loops for carbon fiber composites in vehicles, windmills, and aircraft).