

Progressive Companies Make Leap from Sustainable to “ Circular ” Manufacturing

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Fon Mathuros, Head of Media, Communications Department, Tel.: +41 (0)79 201 0211,
e-mail fmatur@weforum.org

- Circular economy seeks to reconcile growth and economic participation with environmental prudence and equity
- Progressive companies move from responding to environmental activists to building new business models
- The theme of the 44th World Economic Forum [Annual Meeting](#) is The Reshaping of the World: Consequences for Society, Politics and Business
- For more information, visit <http://wef.ch/Davos>

Davos-Klosters, Switzerland, 25 January 2014 – Progressive companies and forward-looking governments are shifting their attention from old-style sustainability – a linear concept that goes from take and use to dispose – towards a “ circular ” approach. This “ circular ” approach effectively decouples growth from rising resource constraints in a world that will add 3 billion middle-class consumers over the next 15 years, participants at the 44th World Economic Forum Annual Meeting were told.

Speaking at a session, From Waste to Wealth, Ellen MacArthur, Founder, Ellen MacArthur Foundation, United Kingdom, said: “ The circular economy opens up ways to reconcile the outlook for growth and economic participation with that of environmental prudence and equity. It is inspiring CEOs, politicians, engineers, designers and the next generation of leaders, ” she said.

Leading global companies are already building the concept of the circular economy into the way they do business.

It is helping them to drive innovation across product design, to develop product-to-service approaches and to test

new ways of recovering materials from redundant products such as old mobile phones. Heineken, for example, is

now pursuing circular practices across its whole value chain.

“ We started out on this journey responding to pressures from environmental groups, but we soon learned that it makes sense to think holistically about everything we do, from treating the water we use and conserving energy to composting yeast and recycling bottles and aluminium cans, ” Jean-François van Boxmeer, Heineken ’ s Chairman of the Executive Board and Chief Executive Officer, said.

The Netherlands, which has half its surface area under sea-level and a population that is aware of the importance of respecting nature, has embraced the approach. China, too, is a leader and has adopted the circular approach in its latest five-year plan.

Another Dutch company, Royal Philips, has moved rapidly from dealing with hazardous materials and conserving energy to a circular approach that Frans van Houten, President and Chief Executive Officer, credits with a number of breakthroughs. “ We are a major producer of LED lights, but when we introduced this energy-efficient technology, municipal customers railed against the additional cost for lighting their streets. Our response was to offer them

lighting services rather than selling them bulbs, allowing them to take advantage of energy savings without having to pay higher upfront costs, ” he said.

Circular manufacturing has huge economic potential. The European market for fast-moving consumer goods totals €3.2 trillion a year, of which 20% could be recuperated through smart circular practices, MacArthur said. With early adopters moving ahead, how can we accelerate these processes?

“ We need to shift our thinking away from the idea of consumption and eliminate the whole idea of waste. This means thinking about meeting people ’ s needs through services rather than consumption, ” William McDonough, Consulting Professor of Civil and Environmental Engineering, Stanford University, USA said. “ When was the last time you consumed a TV set? ” he asked.

Cutting-edge thinking in the scientific community is moving us rapidly from linear to circular. The next big thing is

what Neil Gershenfeld, Director, The Center for Bits and Atoms, Massachusetts Institute of Technology (MIT), USA,

described as analogue materials. These contain digitized information that enable them to disassemble the

elements that initially went into their fabrication and make them available for re-use.

The Annual Meeting 2014 is taking place from 22 to 25 January under the theme, The Reshaping of

the World: Consequences for Society, Politics and Business. Participating this year are over 2,500 leaders from

nearly 100 countries, including 300 public figures, 1,500 business leaders and representatives from civil

society, academia, the media and arts.

The Co-Chairs of the Annual Meeting 2014 are Aliko Dangote, President and Chief Executive Officer, Dangote

Group, Nigeria; Kris Gopalakrishnan, President, Confederation of Indian Industry (CII); Vice-Chairman,

Infosys, India; Jiang Jianqing, Chairman of the Board, Industrial and Commercial Bank of China, People ' s

Republic of China; Joseph Jimenez, Chief Executive Officer, Novartis, Switzerland; Christophe de Margerie

, Chairman and Chief Executive Officer, Total, France; Marissa Mayer, Chief Executive Officer, Yahoo, USA

and Judith Rodin, President, Rockefeller Foundation, USA.

Notes to Editors

More information about the Annual Meeting 2014 is available at <http://wef.ch/davos2014>
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World Economic Forum, 91-93 route de la Capite, CH-1223 Cologny/Geneva
Tel. +41 (0)22 869 1212, Fax +41 (0)22 786 2744, <http://www.weforum.org>