



European
Commission

Executive summary

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THE IMPLEMENTATION OF THE CIRCULAR ECONOMY IN EUROPE

Perspectives of EU industry cluster managers & regional policymakers

In the EU Action Plan for the Circular Economy, the European Commission defines circular economy as follows: “In a circular economy the value of products and materials is maintained for as long as possible; waste and resource use are minimised, and resources are kept within the economy when a product has reached the end of its life, to be used again and again to create further value”. Circular economy provides economic opportunities, but SMEs still face many obstacles.

Shifting to a circular economy requires the involvement of many actors across existing industrial value chains and regions in Europe. This report offers a first glimpse to the experience, perspectives and specific role of two of the key actors driving such shift:

- **EU industry clusters: offer a nurturing environment to effectively promote circular economy business models among their members, given their direct contact to companies and SMEs** and their understanding of the core business processes and needs. Cluster managers, knowing the region and the sector, often consider themselves a ‘spider in the web’ who can connect different stakeholders and tailor their approach to the needs of companies in their cluster.
- **Regional policymakers: having a more formal and facilitating role compared to cluster organisations.** They support the transition to circularity by introducing schemes and measures at local level, influencing national policies and by providing financial and other means of support.



This report synthesises the conclusions of the session “Circular Europe” that took place during the European Cluster Conference 2019 in Bucharest¹, followed by 41 interviews, 28 of which with cluster managers and 8 with regional policymakers, and 5 with other stakeholders.

According to the findings from the interviews and the European Cluster Conference 2019, circular economy impacts almost every type of cluster and industry. Despite though ongoing efforts to transform traditional economic and business models, many companies, notably small and medium-sized enterprises (SMEs), are not currently ready for this shift. Many are willing to act but do not know how. SMEs face disadvantages when embracing circularity, given their limited capacities, resources, time and available knowledge to invest and deal with the related administration and compliance with regulations and standards. More favourable policies are needed to boost the circular shift; also, legislation needs to be adapted to enable this shift rather than hinder it.

Key conclusions from the European Cluster Conference 2019’s session on ‘Circular Europe’

The European Cluster Conference 2019 organised on the 14-16 May 2019 in Bucharest discussed the future priorities for cluster policies in the context of circular economy with a focus on connecting ecosystems in one of its sessions.

Five key messages were abstracted from this discussion:

- Clusters can convey the voice of companies as they are in the unique position to share the success stories of companies and inspire other organisations to venture in circularity. Clusters can act as agents of change in favour of the circular economy.
- There is a lot to do to turn our economies and industries fully sustainable, but there are solutions, and step by step, all companies can make a significant change.
- The local level plays a crucial role in promoting circular economy and circularity should be integrated into regional ecosystems.
- Policymakers should not be trapped in over-regulation but instead should create simply the right framework conditions for companies to jump on the circularity train.
- Circular economy will transform financial markets, industries and our society. Companies will have to embrace circular business models sooner or later, otherwise they will be out of business.

Key conclusions from the interviews:

Circular production processes are based on closing the loops in the supply chain where any waste material becomes a resource for another stage of the product development. Clusters that span related industries and foster cross-sectoral cooperation can facilitate the shift

towards such circular supply chain management practices whereby companies reduce their waste and optimise their resource consumption; even new businesses can be created to harness hidden opportunities.

¹ European Cluster Conference, 14/16 May 2019, Romania (Bucharest). More information www.eucluster2019.eu/en

What economic areas do you think are most affected by the shift towards more resource efficiency and a low-carbon circular economy?



Professionalising the more than 1,000 European cluster organisations across Europe (also profiled on the European Cluster Collaboration Platform) **and equipping them to offer support on circular economy to their members can bring tangible benefits to more than 120 000 SMEs** and help them realise the circular vision:

→ Cluster organisations can take action to increase awareness of the circular economy among companies and build links between stakeholders. Some already provide their members with training and information, trying to influence policies and helping companies to access finance. This saves considerable time for SMEs needing to discover how to implement resource-efficient solutions. Nevertheless, the organisations' role is not just in informing but also in inspiring: showing how things can be done differently.

“Role models need to be promoted, favouring positive spill-overs in the rest of the value chain.”
 Luca DONELLI, President, Lombardy Energy Cleantech Cluster

→ Cluster organisations can use their experience with innovation to boost circular economy. They are well positioned to translate technological developments in different fields into opportunities for companies within their clusters. Promoting digital transformation linked to the circular economy is an area that holds great potential. Digitalisation can support in waste collection and water management; artificial intelligence can be applied to manage production, processing and recycling. Cluster organisations are able to effectively foster such innovations within their clusters.

“The main barrier is not funding or expertise, but awareness.”
 Ola SKALSKA, Manager of C-Voucher project

→ Clusters have a good network, which they can use to connect the relevant stakeholders in their broader regional ecosystems. Cooperation between companies in a value chain and in different sectors becomes more necessary, building links, using and expanding existing networks is more important. They can embrace new players and involve them in the life of clusters, such as resource-efficiency support providers, cleantech centres, waste management organisations or circular economy foundations.

“The cluster manager is a director of an orchestra; the cluster manager must integrate multiple means to get things done faster, with focus and impact.” Bianca DRAGOMIR, CEO, Avaesen

→ Cross-cluster cooperation connects companies and organisations across sectors and geographies to find each other and mutually benefit from the shift to a circular economy. The waste of one company in a cluster can potentially be used as a resource by a firm in another cluster. Identifying such possibilities for crossovers and cooperation is an activity cluster organisations naturally pursue.

“Clusters are really good at building bridges and the partnerships needed to accelerate the circular transition of SMEs” Kaspar NIELSEN, Project Manager, Cluster Excellence Denmark

Regional policymakers can support the implementation of a circular economy by using their ability to make local policies, influence national policies and provide financial support. For the regions, where transitions are very context-dependent, it is impossible to provide a blueprint. In some cases, bottom-up approaches are needed; others require more direct interventions.

Cluster policymakers can design their cluster programmes right from the start by involving circular economy actors in the development of cluster initiatives that foster circular supply chains: they can include circularity in the accreditation criteria or promote clusters with a clear approach to help businesses improve the way in which resources are used; they can facilitate

the development of resource strategies and select the key industries that need to tackle the circular economy challenge. By using regulation strategically, another way of stimulating circular economy is to discipline business behaviour to use environmentally friendly practices, for instance by limiting the discharge of waste. To a lesser extent, they can also contribute to increase awareness.

With the upcoming European Green Deal, clusters and cluster organisations have a clear role to play in reshaping the business landscape and preparing SMEs for a new resource-scarce era. Their potential should be seen as part of the solution for decarbonisation and sustainable industrial transformation.

“In the framework of public affairs, we have learned the lesson that the more concrete we make a need or demand for (policy) changes, the more successful we are.”

Sander BOS, Program Manager, Province of Friesland, The Netherlands

“Public procurement can help to shift the economic activities.”

Igor KOS, Advisor, Municipality of Maribor/ W-Cycle Institute Maribor, Slovenia

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