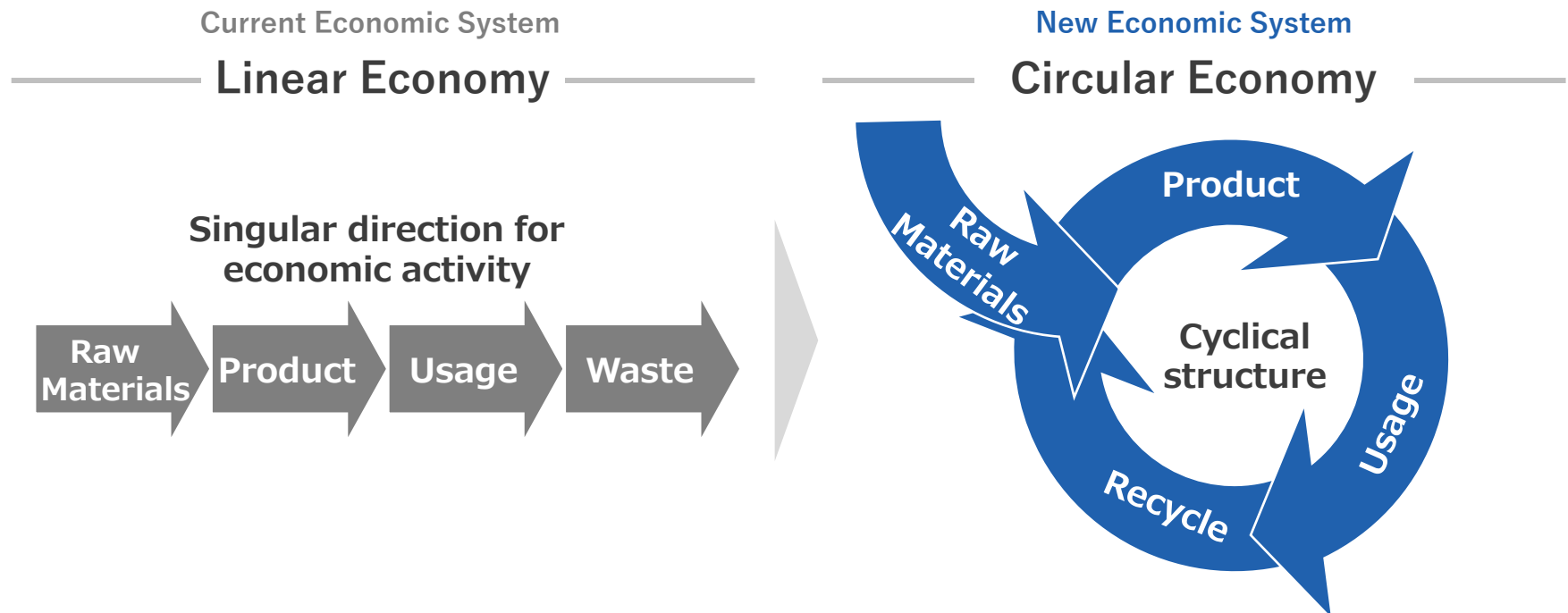




About Circular Economy

What is “Circular Economy”? (Overview)

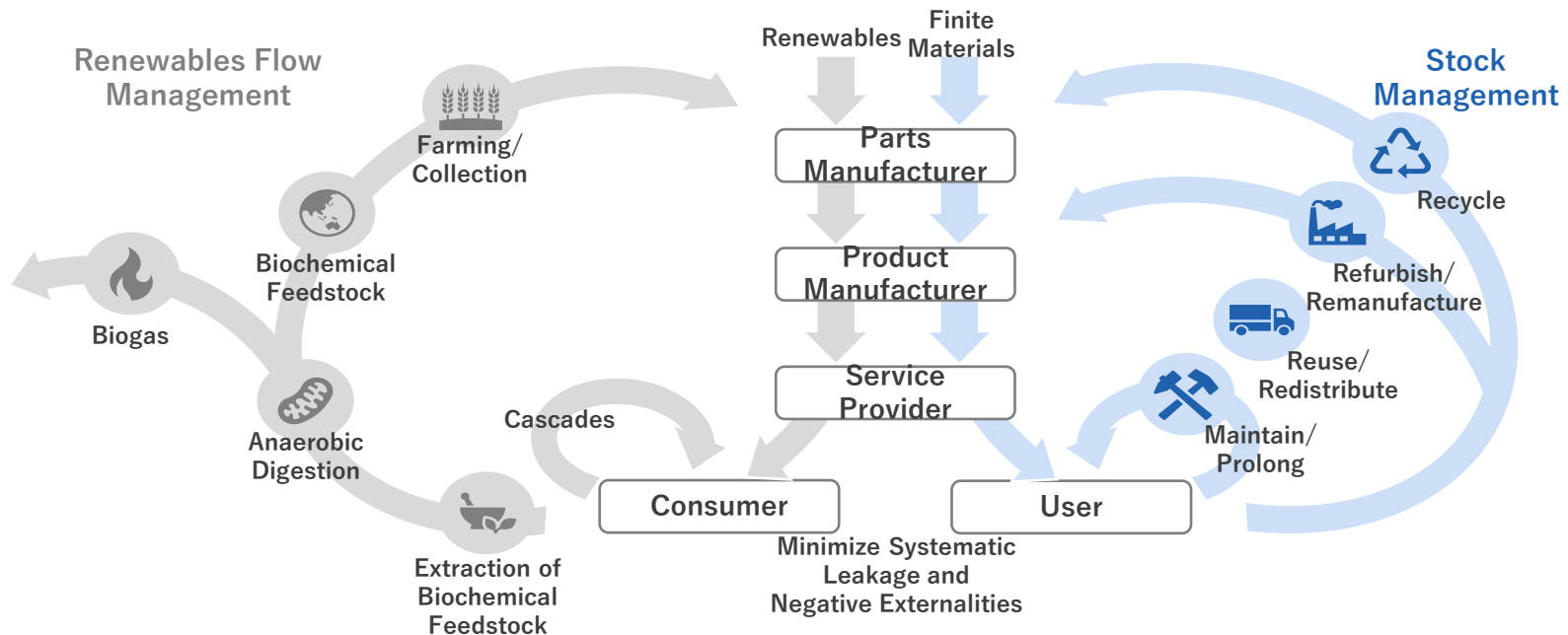
Circular economy refers to an economic system designed with recycling and reuse in mind during production, minimizing the consumption of new resources and maximizing the value of existing resources. The linear economy model has been the predominant economic system globally and is characterized by mass production and singular direction for economic activity. However, this model places a significant burden on resources and the environment, leading to a rising need for a transition into a circular economy that circulates products and prioritizes the regeneration of nature.



Source : Diagram created by Circular Partners based on Netherlands “A Circular Economy in the Netherlands by 2050” (2016)

What is Circular Economy? (Butterfly Diagram)

The concept of a circular economy has been often explained by the Ellen MacArthur Foundation through a "Butterfly Diagram". This diagram combines two separate cycles to represent a mechanism for circulating renewable resources and finite materials. Renewable resources refer to resources that can be decomposed and regenerated in nature, and they circulate through the renewables flow management cycle on the left-hand side of the diagram. Finite materials, which cannot easily decompose naturally, circulate through the stock management cycle on the right-hand side of the diagram to prevent its outflow into nature.



The Importance of Circular Economy

As the population increases and economic growth progresses worldwide, the demand for resources, energy, and food continues to rise. The traditional economic model of mass production, mass consumption, and mass disposal has proven to be unsustainable. As a result, the transition towards a circular economy is becoming increasingly crucial to a sustainable future. The key to this transition lie in the evolution of digital technologies and increasing environmental considerations from markets and society. By leveraging these factors, a circular economy can protect the Earth's environment, enhance the competitiveness of domestic industries, and create a positive cycle of environmental sustainability and growth.

	1999 Circular Economy Vision	Circular Economy Vision 2020
Context	<ul style="list-style-type: none">■ Overreliance on landfills■ Resource constraints■ Increasing severity of environmental issues	<ul style="list-style-type: none">■ The evident limits to the linear economic model■ Development of digital technologies, transition to Society 5.0■ Increasing demands for environmental consciousness from markets/society
Main Points	<ul style="list-style-type: none">■ The transition from a 1R model (Recycle) to a 3R model (Reduce, Reuse, Recycle)■ Reduction of waste volume and improvement of recycling rates through various recycling laws	<ul style="list-style-type: none">■ Transition from 3R to circular economy■ Encouragement of voluntary efforts by companies to adopt a circular model as a business strategy■ Reconstruction of resilient circular systems in the medium to long term.

Examples of Circular Economy Related Policymaking



Examples of circular economy in policymaking has been increasingly common in recent years, both domestically and internationally.

Region	Published	Content
Japan	2023	Resource-Autonomous Circular Economy Growth Strategy <ul style="list-style-type: none">➤ This announcement declared a shift towards autonomous domestic resource circulation system and the access to international market opportunities through the reconstruction of resource circulation policies➤ There is a risk of significant economic losses and missed growth opportunities if a resource-autonomous economy is not pursued
	2020	Circular Economy Vision 2020 <ul style="list-style-type: none">➤ This release describes that necessity of transitioning to a circular economy➤ The increasing demand for environmentally conscious practices from society, underscores the need to transition to circular business models through the development of digital technologies
China	2021	Development Plan for the Circular Economy <ul style="list-style-type: none">➤ China's 14th Five-Year Plan describes initiatives to develop a circular economy
EU	2021	New Circular Economy Action Plan <ul style="list-style-type: none">➤ The EU's basic guidelines on the Circular Economy are announced in this action plan

