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The future of work for NEETs in a circular economy

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The circular economy is expected to be one of the biggest economic drivers. Relevant sectors to the circular economy employed already more than four million workers in 2016 and are predicted to create many more jobs in the EU until 2030. The increase is due to a shift in value added from resource-based capital gains to workers' compensation and services and higher technology utilization. The following thinking space explores the state of the circular economy and its employment opportunities for NEETs.

The circular economy - a model for sustainability in resource use and consumption - is expected to be one of the biggest economic drivers¹. Relevant sectors to the circular economy employed more than four million workers in 2016², a 6% increase compared to 2012. Recent estimates predict the circular economy to generate a net employment increase of about 700.000 jobs in the EU by 2030.³ The International Labour Organisation (ILO) confirms that *„...a low-carbon, resource-efficient economy employs more people, is more labour intensive, and is at least as productive as an economy with a production model based on high carbon, resource and material intensity. ... this is due to a shift in value added from resource-based capital gains to workers' compensation and services, higher technology utilization and longer value chains.”*⁴ This thinking space paper will take a closer look at the circular economy, as it seems a promising concept with employment opportunities for NEETs.

The circularity principle is not new and its regulatory framework is emerging in Europe. In some areas, such as remanufacturing of machinery, medical devices, heavy duty and off-roads or B2B electronics⁵, the circularity is a longstanding practice.⁶ However, the Global Circularity Report numbers the world's circularity at only 9.1% circular in 2019.⁷ A few governments have begun to apply the concept: for example, Finland has endorsed a circular economy strategy⁸ and the Netherlands is aiming to become 50% circular by 2030 and 100% by 2050.⁹ The EU has published a circular economy action plan¹⁰ in 2015 and has been setting increasing recycling targets for Member States in waste regulations. EU Ecodesign measures contain repair requirements for household products that manufacturers have to comply with as of April 2021.¹¹

¹ <https://www.euractiv.com/section/digital/interview/katainen-innovation-needed-to-address-climate-issues>

² https://ec.europa.eu/eurostat/tgm/refreshTableAction.do?tab=table&plugin=1&pcode=cei_cie010&language=en

³ European Commission. 2019. Impacts of circular economy policies on the labour market. Available online via https://circulareconomy.europa.eu/platform/sites/default/files/ec_2018_-_impacts_of_circular_economy_policies_on_the_labour_market.pdf

⁴ ILO (2018), WORLD EMPLOYMENT SOCIAL OUTLOOK 2018. Greening with jobs, Geneva, p.38

⁵ Mobile and fix telecom network equipment, datacentre equipment, etc.

⁶ European Remanufacturing Network (<https://www.remanufacturing.eu/case-study-tool.php>),

⁷ THE CIRCULARITY GAP REPORT Closing the Circularity Gap in a 9% World, 2019, https://docs.wixstatic.com/ugd/ad6e59_ba1e4d16c64f44fa94fbd8708eae8e34.pdf. In January 2019, the social enterprise Circle Economy released its second Global Circularity Report at the World Economic Forum (WEF) Annual Meeting.

⁸ https://www.ym.fi/en-US/The_environment/Circular_economy

⁹ <https://www.government.nl/documents/policy-notes/2016/09/14/a-circular-economy-in-the-netherlands-by-2050>

¹⁰ https://ec.europa.eu/commission/priorities/jobs-growth-and-investment/towards-circular-economy_en

¹¹ Publication of these measures is foreseen for the end of 2019. Measures can be found on the comitology registry of the European Commission.

Circularity requires optimization of the utility of products by maximizing their use, extending their lifetime, enhanced recycling, using waste as a resource and circular design, reducing material consumption and using lower-carbon alternatives. New jobs are predicted to be created in industries such as agriculture, renewable energy, construction, waste, repair and rental services and manufacturing that should deliver net gains.¹² By benefiting jobs in services, and if the gender distribution across sectors remains similar, the circular economy will, according to ILO, rise the female share of employment as well as highly skilled jobs. It will also result in a small increase in the numbers of own-account workers.¹³ Emerging studies on employment in the circular economy, such as for the City of Amsterdam show that circular jobs types will differ according to the location.¹⁴

While today's production processes rely on global supply chains, the Circular Economy is expected to be much more local or regional as cost efficient repair, maintenance and services around a product will take place close to the consumer. Local jobs would be created that could not be readily outsourced to lower-cost markets, given the need for skilled workers to turn old goods into new resources, to collect and process recycled materials, and to source materials locally.¹⁵ A report of 2015 finds for the UK that regions where unemployment is higher, such as the North East and the West Midlands, could see the greatest impact on job creation, especially among low to mid-skilled occupations. Drawing on various studies, the report pulled together the below table with employment types created in the waste and remanufacturing sectors in a circular economy.¹⁶

Literature on the nature of employment creation in circular economy activities³⁵

Sector	Study	Coverage	Job Types
Recycling	EEA (2011)	EU	Low skilled work in particular, but also medium and high skilled jobs, ranging from collection, materials handling and processing to manufacturing products.
Recycling	ILO (2011)	Germany	16 per cent low skilled, 47 per cent skilled, 11 per cent technical, 25 per cent university.
Waste collection	ECOTEC (2002)	EU	Labour required for waste collection and transport, at relatively low wage rates.
Remanufacturing	APPSRG (2014)	UK	Skilled, with substantial training needs.
Waste management	SITA (2012)	UK	A range of jobs, but particularly significant numbers of mid-level (supervisors/operators) and low level (manual) occupations.
Deposit refund scheme (DRS) for packaging	Eunomia (2011)	UK	A range of skills would be required, including some higher skilled jobs. Jobs would be geographically spread, with counting centres and logistics and regional jobs in retail and collection.
Remanufacturing	Beck (2011)	US	Relatively high skill and training requirements.

The Circular Economy has the potential to be more social and inclusive and strengthen community-based initiatives. There is already a multitude of local networking initiatives such as the wwoofers¹⁷

¹² ILO (2018), p.51

¹³ ILO (2018), p.53.

¹⁴ <https://www.circle-economy.com/wp-content/uploads/2018/12/Final-Circular-Jobs-and-Skills-in-the-Amsterdam-Metropolitan-Area.pdf>

¹⁵ Source: <https://knowledge.unccd.int/publications/resource-efficiency-potential-and-economic-implications-smarter-use-natural-resources>. "For example, between 2005 and 2010, a programme in the United Kingdom recycled or reused seven million tonnes of trash destined for the landfill. This move saved six million tonnes of carbon dioxide emissions, close to 10 million tonnes of virgin materials and 10 million tonnes of water. It also increased business sales by £176 million, reduced business costs by £156 million and created 8,700 jobs."

¹⁶ WRAP and the Green Alliance (2015). Employment and the Circular Economy. Employment and the Circular Economy – Job creation in a more resource efficient Britain, online at: <http://www.wrap.org.uk/content/employment-and-circular-economy>.

¹⁷ E.g. <https://wwoof.be>

repair cafes¹⁸ or repair shops¹⁹, local platforms where citizens exchange services²⁰, support young people²¹ or tool-sharing platforms²². These local community approaches could be a starting point for successfully supporting NEETs and guide on how to set up initiatives such as a tool library can be found online²³. In addition, NEETs supporting organisations should enter in a dialogue and cooperation with circular economy relevant sectors and organisations to help the young people to enter sustainable circular jobs.

¹⁸ <https://repaircafe.org/en/about/>

¹⁹ E. France: <http://emmaus-france.org/>, <http://www.envie.org/>; Greece: <http://www.ecorec.gr/>; Spain <http://www.aeress.org/>; Italy: <http://www.insiemesociale.it/>.

²⁰ E.g.: <http://selunivers.be/>

²¹ E.g.: <http://gpclimat.be/>

²² E.g. the Toronto Tool Library - <https://www.ellenmacarthurfoundation.org/case-studies/how-tool-sharing-could-become-a-public-utility>

²³ <https://www.shareable.net/how-to-start-a-tool-library/>