Circular Economy in Jakarta

Circular economy is an alternative economic model for exchange and production that seeks to decouple economic growth from material dependency.

What is a circular economy?

- Increase resource efficiency use
- Reduce environmental impact at all stages of the product (goods and services) life cycle:
- Reducing resource waste
- Ensuring the reduction of environmental impacts
- While allowing us to meet our needs within planetary boundaries and developing the well-being of individuals

Why is it important in cities?

Cities are a main source of the problem…

- Cities occupy 3% of the earth's land surface
- But use 70% of natural resources and energy
- Produce some 60% of Greenhouse Gas Emissions
- And around 60% of waste

…but are also part of the solution

- Concentration of population (over 50% of the world's population lives in cities)
- Concentration of wealth (80% of global GDP in cities)
- Concentration of knowledge and technology

These concentrations can help in finding the solutions

Why is it important in cities?

- Transition to a circular economy in the mobility, food, and built environment sectors alone could lead to emissions reductions of 48 per cent by 2030, and 85 per cent by 2050, compared with 2012 levels.

- European Union estimates that its circular economy package would produce cost savings of around 600 billion euros through actions such as:
  - Waste prevention
  - Eco-design
  - Re-use
  - Contribute to the creation of more jobs at the same time.

A circular economy is also a business opportunity:
A transition scenario has an annual net material cost saving opportunity of up to $380 billion
And up to $630 billion in an advanced scenario

Impact for businesses?

The circular economy transition in a city presents new opportunities for companies. In a study by McKinsey and the EllenMacArthur Foundation on Europe, it found that circular economy activities to improve performance and reduce costs. These are, among others:

- Shift to renewable energy and materials
- Promote the sharing of products or prolong the product life spans through maintenance and design
- Improve product efficiency and remove waste from supply chains
- Keep components and materials in “closed loops” through remanufacturing and recycling
- Deliver goods and services virtually
- Replace old materials with advanced renewable ones

Impact for businesses?

This same study found that business could:

Build a business on waste through

Boost profits from discarded PET bottles:

- With full bottle-to-bottle recycling, from bottle-only collection:
  $360 to $590 / metric ton

Transform waste tires:

- Reduce tire rubber to uniform granules:
  $165 to $295 / metric ton

Value extracted from electronic waste:

- From $1,375 / metric ton
  (In backyard metal recovery in China)
- To as much as: $5,420 / metric ton
  (Best-in-class hydrometallurgical recovery)

Participate and collaborate

Piloting across the Jakarta metropolitan area of circular economy actions:

- Partnering with national government on policy change
- Working closely with businesses for sustained industry change
- Working closely with business for financing.
- At the level of individuals:
  - Vocational courses
  - Additional capacity building

  to ensure a smooth economic transition.

Thank you

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