

**M**aking the circular economy model work requires not just business initiative but also government action, says Business Council for Sustainable Development Malaysia (BCSD Malaysia) executive director Roberto Benetello.

The circular economy calls for systemic changes to the current economic model. It involves new business models such as resource sharing and product life extension, so materials can be kept in use as long as possible. It also demands that waste be turned into valuable raw materials, so natural resources no longer need to be extracted from the earth.

In Benetello's view, for circular practices to be mainstream, a clear and supportive regulatory framework is needed. Otherwise, initiatives by companies will encounter numerous roadblocks.

He cites a project that he is working on as an example. "We are trying to recycle the single-use plastics utilised by patients who do dialysis at home. To do that, the plastic has to be classified as normal waste instead of clinical waste. And we need the Ministry of Health and Department of Environment to agree on that. This plastic is not contaminated and can be recycled."

There are many other examples, he adds. "The recyclers are worried that they'll get fined for recycling certain scrap products. You can imagine that this is a big deterrent for entrepreneurs who want to start something in this sector."

BCSD Malaysia is a CEO-led collaboration and

## BCSD Malaysia's focus areas



Circular Economy



Cities & Mobility



Climate & Energy



Food & Nature



People



Redefining Value

# Making a big splash

The circular economy demands that systemic changes be made to the current linear economic model. Achieving this will require collaboration among all stakeholders, be it government, businesses or consumers.

advocacy platform that focuses on integrating sustainability into business strategies. It is part of a global network encompassing around 5,000 companies worldwide.

As one of its focus areas, BCSD helps companies incorporate circular and sustainable strategies in their processes.

"Many of our colleagues in other countries have already done the projects that we want to do. We bring their experience into the projects in Malaysia and avoid wasting time reinventing the wheel," says Benetello.

New regulations on waste categories need to be adopted, taking into consideration the latest technologies to manage these materials, he adds. Extended Producer Responsibility (EPR) schemes, which require manufacturers or importers of products to take responsibility for the impact of their products, are also helpful.

That is not to say no steps have been taken. As part of the Roadmap Towards Zero Single-use Plastics, a Circular Economy Roadmap for Plastics in Malaysia was supposed to have been introduced last year. An EPR scheme was proposed in the 12th Malaysia Plan.

"An association formed by the biggest food and beverage companies in Malaysia has also got together to explore an EPR programme for plastic. It's a good thing, but the government needs to also take the lead and set some important parameters," says Benetello.

He advocates big, transformational changes in the system because they are needed to mitigate climate change. "We don't have time. We don't know whether we are able to limit temperature increase to 1.5°C at this point. We have to move fast," he says.

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### What's in it for companies?

There are many reasons for companies to go circular. For one, they could find new clients in other parts of the world where sustainability regulations are stricter, says Benetello.

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In addition, adopting circular practices can increase the reputation of companies, especially among younger consumers who emphasise sustainability.

"Another big driver is efficiency and cost control. When your processes are more efficient, you can achieve savings," says Benetello.

Technology advancement in the fields of artificial intelligence and the Internet of Things can help companies become more efficient. "It can give you new dimensions on how to classify and track your waste. Traceability of waste is very important," says Benetello.



What are some low-hanging fruits in this area that companies can embrace to begin with? They can innovate and look for new revenue streams, he says. "For instance, some companies are using recycled materials to make furniture. Some are using scrap material to create art.

"They can also optimise their resource consumption, reduce waste, reduce energy consumption and achieve some savings there."

A huge area of potential in Malaysia is oil palm biomass, which is the by-product of palm oil milling and harvesting. "You can use the pulp and make paper or cardboard," he says.

The construction industry could rely on apps to match the demand and supply for scrap products. Meanwhile, the fashion industry can expand the second-hand market. It should also come together and discuss how to make products more recyclable. Clothes with a mixture of cotton and polyester, for instance, cannot be recycled.

An emerging opportunity, Benetello adds, is in the recycling of lithium-ion batteries.

"The transition into electric vehicles is creating a lot of these batteries. At the end of its life, it has to be dumped somewhere. This market is estimated to grow to US\$18 billion by 2030. We cannot keep mining lithium, cobalt and nickel forever. Some of these elements need to be recycled, and it's a huge opportunity that can change the economy of a country," he says. — By Tan Zhai Yun