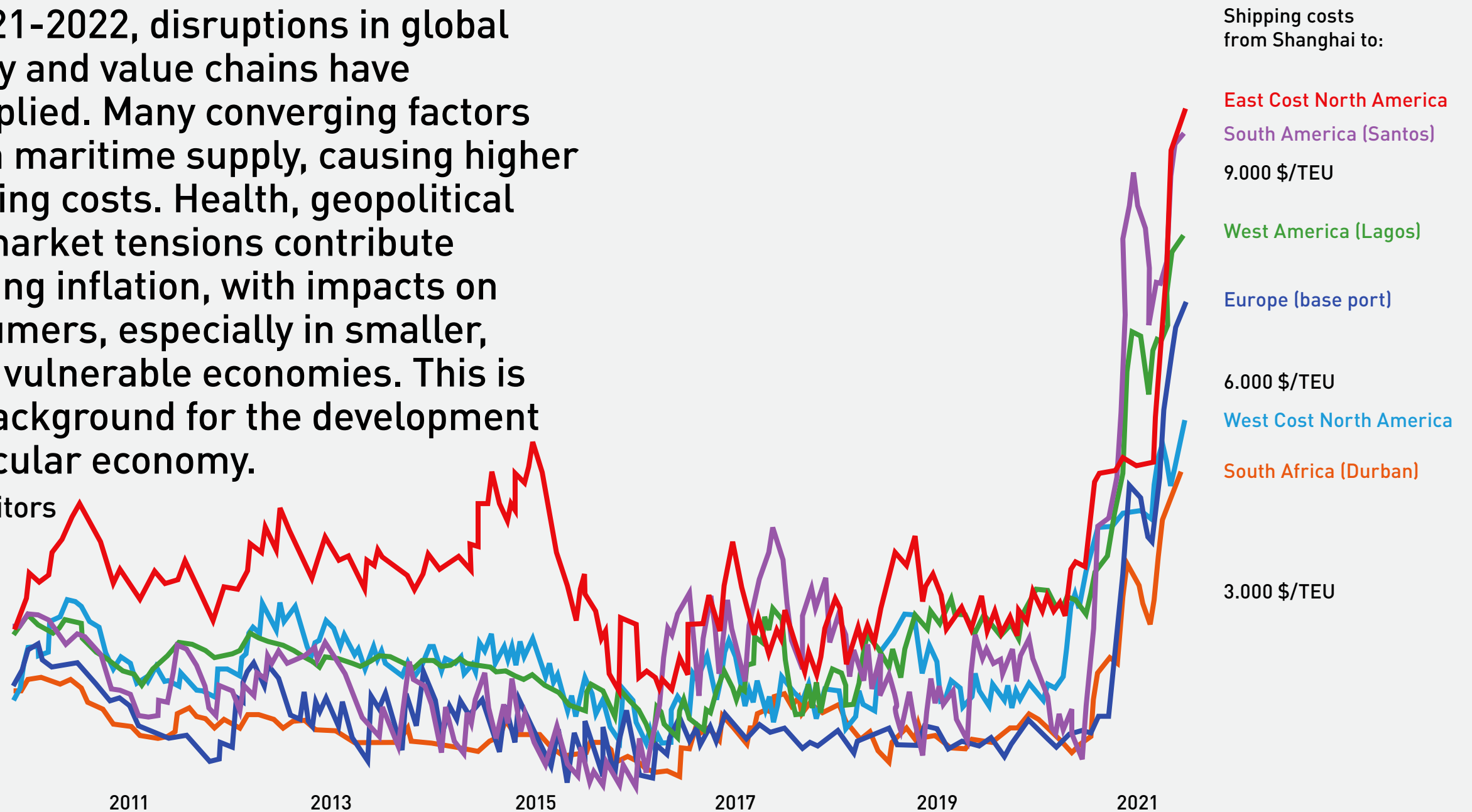


In 2021-2022, disruptions in global supply and value chains have multiplied. Many converging factors strain maritime supply, causing higher shipping costs. Health, geopolitical and market tensions contribute to rising inflation, with impacts on consumers, especially in smaller, more vulnerable economies. This is the background for the development of circular economy.

-the editors



Evolution of shipping costs during the past decade as per the Shanghai Containerized Freight Index (SCFI) weekly spot rates, 18 December 2009 to 23 July 2021 on selected routes.
Source: UNCTAD, based on data provided by Clarksons Research Services, <https://unctad.org/fr/node/34144> (own representation).

preface

Volume 8 of INTERSECTING is devoted to the theme of “Circular Economy and Global Value Chains”. It comes at a time when economic disruptions in global trade are multiplying, as geopolitical tensions are rising and scarcity of basic commodities is driving inflation. This volume is exceptionally rich, with over 30 articles and 50 authors from across the globe. Intersecting perspectives are articulated in three sections: 1) #capital #transitions #people, 2) #development #finance #due diligence and 3) #regions #agenda 2030 #leadership.

The relevance and importance of these issues were also echoed at this year’s Global Solutions Summit (March 29 and 30, 2022). Circular economy was a central issue in many discussions and an impetus for continuous dialogue between the G20 and the G7 communities. Regardless of the socio-economic impacts of the enduring COVID-19 pandemic and the sluggish GDP growth prospects, exacerbated in particular by the war in Ukraine, consumption of resources is growing ceaselessly and waste production is increasing exponentially. It would seem that we are likely to experience the worst, as predicted by the 1972 Club of Rome report ‘The limits to growth’.

We argue that the present times of multiple crises challenge established public and private decision making, putting even more strain on citizens and the galaxy of MSME’s across the globe. This is especially true for those who are aspiring to contribute to, or lead the way towards, new and inclusive business models. Tackling the issue of the global supply

and value chains transformation today means taking a systems-change perspective as many issues require long-term transformations which look beyond immediate challenges. The latest report by the International Panel on Climate Change (IPCC) issued in Spring 2022 reported that the mitigation of climate change can only be achieved with large scale system transformations to limit global warming and tackle CO2 emissions; however, it shied away from making bold statements on the role of value chains to curb resource consumption.

Multilateral environmental diplomacy made a significant breakthrough in February 2022 when the General Assembly of the U.N. Environmental Program gathered in Nairobi. They agreed to prepare a legally binding international treaty on plastics by 2024. This amplifies the findings and proposals curated in the 7th volume of INTERSECTING on Plastics, published in January 2022. We believe the nexus of circular economy, global supply and value chains will attract even more global attention in the coming months and years. Reflecting on the adoption of the Agenda 2030 in 2015, we see that awareness has been rising quickly in many sectors. For instance, rapid transformations are taking place in the fashion and garment industries. There has been an increasing focus on technical solutions to make certain harmful substances and processes superfluous, to replace undesirable ingredients and to also reduce resource consumption. But change has been rather uneven on a regional level while policy frameworks often remain weak and fragile. In particular,

financial models developed in higher-income countries rarely address the issues of informality adequately.

Major players in the industry do not hesitate to talk about 'degenerative linear supply chains' to call for global upscaling of the circular economy. This current INTERSECTING volume showcases the diverse yet complementary inputs needed to transform global supply and value chains effectively. The role of the civil society - from non-governmental activists to consumers - is key. However, the development of ecological and social due diligence as well as the extension of producers' responsibility demand more sustainable investment strategies. More robust regional, national, local, and multilevel frameworks are also needed.

There may never be sufficient cooperation and dialogue to foster capacity building to cope with the magnitude of change that is demanded to reduce CO2 emissions or curb consumption and plundering of raw material. Yet, one main lesson we can draw from this volume is that circular economy is not about managing waste but about managing resources. Chemical processes, energy issues, investing in natural capital as well as land and soil management are part of the wide spectrum of perspectives on bending the linear economy. The circular economy is a regenerative system in which resource use is minimized by closing material loops through durable construction, maintenance, repair, reuse, remanufacturing and/or refurbishing. Thus, given the linearity of most value chains, transitioning into a circular economy is to

be considered constructively disruptive. In the long term, it promises to change the equilibrium established for centuries between actors and world regions by redefining where raw materials are extracted, where they are processed into products, and finally, where they are refined and consumed. In parallel, in the medium to long term, the circular economy will disrupt well-established, organizationally perfected, and legalized linear supply chains.

What once started as an ecological imperative, requiring technological solutions to circularize linear processes, is evolving into a multi-faceted and complex process of reorganizing economic relations, with significant geopolitical, social, and financial implications. Circular production and consumption chains so far account for less than ten per cent of the total global economy, and it is still in its early stages of implementation - the concept is gradually transforming into widespread practice. This present volume of INTERSECTING is an outcome of the Circular Economy Solutions Dialogue series, co-organized by the Global Solutions Initiative (GSI) and the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ). These sessions were held between September 2021 to January 2022. As in previous exchanges since 2020 and the beginning of the editorial project, we have witnessed the extent to which multinational firms and knowledge institutions located in the Global North are still setting up the scene, with suppliers and producers in the Global South servicing consumers globally. But this image is fading and eroding as regional value chains and circular networks

are developing, such as in Africa. Globalization is changing and local economic loops are gaining traction and recognition. In fact, circular economy production processes present a huge opportunity for those eager to innovate and challenge standardized and easily replicable models, which in turn raises new questions about the economic and social inclusion potential of the circular economy. The co-development of public and private regulation as well as the promotion of low-tech should always remain within our scope. It is critical to interconnect circular economy, resources and global trade so as not to lose sight of cross-sectoral priorities, be it human rights, environmental protection, or welfare and job creation. What would be the point of celebrating carbon neutral, recycled, and sophisticated objects only made available to a happy few?

Ultimately, changing consumer and cultural mindsets around (over)consumption is another priority as we need to account for the contributions of our natural capital to our economic ecosystem and society. We aim at not only shining light to the opportunities of revising the organization of global value chains but to also bring related issues and corresponding debates to the fore. Hence, we trust that the present volume will help decision makers, in particular leaders in the G20, understand that prioritizing resources efficiency should infuse the development of regional, cross-border and global trade.