



outlook

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BENDING THE LINEAR ECONOMY

ON VALUE CHAINS

‘The other half’: Accelerating the circular economy transition is a response to disruptions in global supply chains and the fulfillment of environmental goals

Doubling the circularity of the world economy from 10% to 20% could reduce global greenhouse gas emissions by nearly 40%, by 2030, according to the global Call for Action endorsed by an international group of experts ahead of the Global Solutions Summit 2022 in Berlin.¹

The world economy is in need of transformation to reduce resource consumption and manage waste. Since 2012, the production of waste by cities has nearly doubled and is expected to reach more than 2.2 billion tons by 2025. It is further expected to double again, in the next twenty years, according to recent research by the G20 engagement group of cities. A recent report published by the Asian Development Bank Institute (ADBI) highlights that the issue of effective waste management is addressed by concepts of circularity. In developing Asia, where the expected population size in 2050 is 3 billion, a circular economy could serve as a critical component in improving resource efficiency as urbanization continues to increase.

One setback is that ‘COVID-19 recovery plans and investments are only loosely coordinated within the G7, the G20, and globally’ whereas ‘urgent responses to disruptions in global supply and value chains often ignore the great potential of the circular economy.

In her keynote address at the Global Solutions Summit 2022, the German Federal Minister for the Environment, Nature Conservation, Nuclear Safety and Consumer Protection (BMUV), Steffi Lemke, addressed the role of circular economy as an important step towards the G7 Environment Ministers’ Summit. The extension of producers’ responsibility and the development of social and ecological due diligence framework in global value chains are part of that agenda.

For Charles Huang, Founder and President of Circular Taiwan Network and a founding member of the Circular Economy Dialogues Sounding Board, addressing changes in value chains is key. The COVID-19 pandemic and other geopolitical disruptions call for the move from global linear value chains to regional circular economy networks.

At Global Solutions Summit 2022, the Vice-President of the World Resources Institute (WRI) Europe, Stientje van Veldhoven, underlined the impact of the Institute’s flagship initiative, the Platform for Accelerating the Circular Economy (PACE) and highlighted the role of cities to accelerate transitions, an issue at the core of INTERSECTING Volume 9.

The world is in need of multilateral and multilevel solutions across the G7 and G20 to address major challenges, such as plastics. Less than 10% of all plastics created since the 1950s has been recycled and nearly 80% has ended up in the environment.

The adoption of a legally binding roadmap towards the adoption of a Treaty on Plastics by 2024, at the United-Nations Environmental Program (UNEP) General Assembly in Nairobi this February marks a major breakthrough. Developing a 'Circular Society' is inseparable from the implementation of a circular economy noted Alexander Bonde, the Secretary General of the German Federal Environmental Foundation at the Global Solutions Summit 2022. This not only offers immense environmental and economic prospects but also increases resilience while decreasing the dependence on other countries, he further stated. These key comments come in light of the current war in Ukraine and echo the findings of the authors of the present volume.

International cooperation and capacity-building are essential to develop circular economy in the Global South. According to Izabella Teixeira, co-chair of UNEP International Resource Panel and former Environment Minister of Brazil - a founding member of the CESD Sounding Board - there are huge reservoirs of green growth in middle- and lower-income countries' which will be successfully exploited if the younger generations understand the benefits of sustainable lifestyles. Izabella is notable for her significant contributions to the Paris Agreement negotiations. Circular economy and creative economy are inseparable concepts.

Speaking on the circular economy panel at the Global Solutions Summit 2022, Ingrid-Gabriela Hoven, Managing Director at GIZ, noted that circular economy as a means to

support climate mitigation efforts is becoming increasingly important as the urgency to raise climate ambitions grows. She noted that this is the leitmotif for GIZ's advisory services on circular economy and capacity building. These will only gain more importance in the near future.

For UNIDO, technology, in particular the development of the fourth industrial revolution, is an enabler for the development of a circular economy. In a policy note for the T20, the think-tank engagement group of the G20 Indonesia, twenty experts noted that a durable shift towards circular economy depends on four key factors: 1) expanding the responsibility of producers, and enforcing transparent and accountable standards; 2) developing both national plans and cross-border partnerships, supported by new policies and legislative actions with strong international dimension such as the European Union Sustainable Finance Taxonomy and the upcoming EU Sustainable Products Initiative package; 3) incorporating circularity into National Climate Targets (NDCs), an objective in preparation for the upcoming COP27; and 4) developing circular principles that enhance social justice. They also call for including cities in global decisions and pay more attention to the role of informal economy.


As illustrated by the EU Resource Efficiency Initiative (EU-REI), an EU-supported project for the Government of India, global cooperation is the cornerstone of the transition to a circular economy. The EU-REI supports the implementation

of the UN sustainable Global Consumption and Production agenda, as part of the Agenda 2030, in India. Such cooperation must happen globally, as emphasized since 2020 by the high-level G20 Resource Efficiency Dialogue. International cooperation needs to be localized and geared towards MMSMEs. It should also include workers from the informal economy.

Engaging youths as well as interconnecting global issues such as plastics and supply & value chains with the concept of cities, are the next steps in the dialogue series on circular economy. We believe taking this direction would benefit from the better linkages established with the fields of creative economy and the future of work.

References:

1. <https://www.global-solutions-initiative.org/wp-content/uploads/2022/03/CALL-FOR-ACTION.pdf>



“In 1972, the United Nations convened the first major conference on international environmental issues in Stockholm, Sweden, and yet fifty years later, unsustainable consumption, fueled by ever increasing material extraction is generating exponential amounts of waste and pollution. This calls for continuous and innovative efforts and investments to bend the linear economy.”

- the editors

Image Source: Press Conference by Mr Maurice Strong, Secretary-General of the United Nations Conference on the Human Environment at the Old Parliament Building, Stockholm, Sweden. A press conference held at the end of the Stockholm Conference. 4 June 1972. Photo Credit: © UN Photo/Yutaka Nagata. Source: <https://legal.un.org/avl/ha/dunche/dunche.html>