



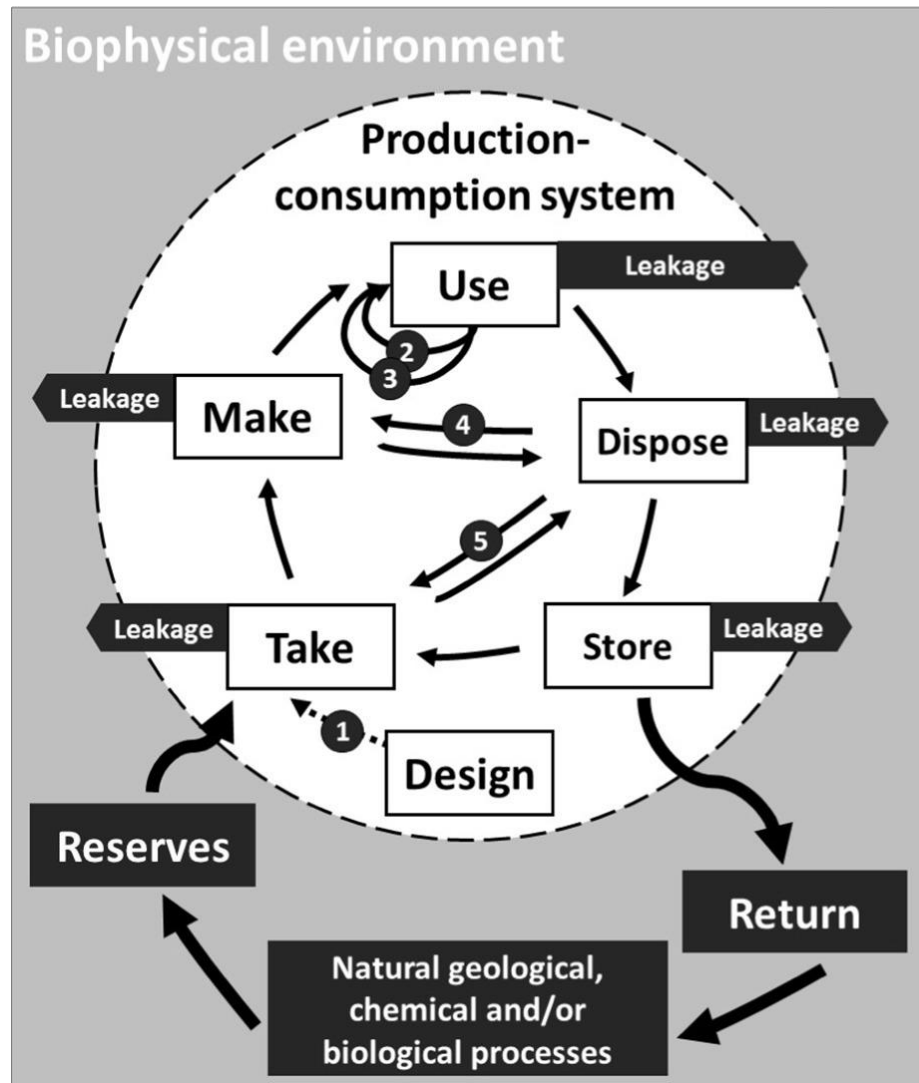
Post-COVID-19 recovery 2.0 – Sustainable stimulus measures and opportunities for trade and environment

09 June 2020

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Energy, Environment and Resources Programme

- 1. The circular economy - benefits for climate, SDGs and socio-economic development**
- 2. Circular economy opportunities in recovery plans**
- 3. What does it mean for global trade – where are opportunities, where are risks?**
- 4. The importance of a multilateral approach and international cooperation to promote an inclusive circular economy**



Integrated resource flow diagram for the circular economy

[1] prevention by designing out all avoidable wastes

[2] shared consumption

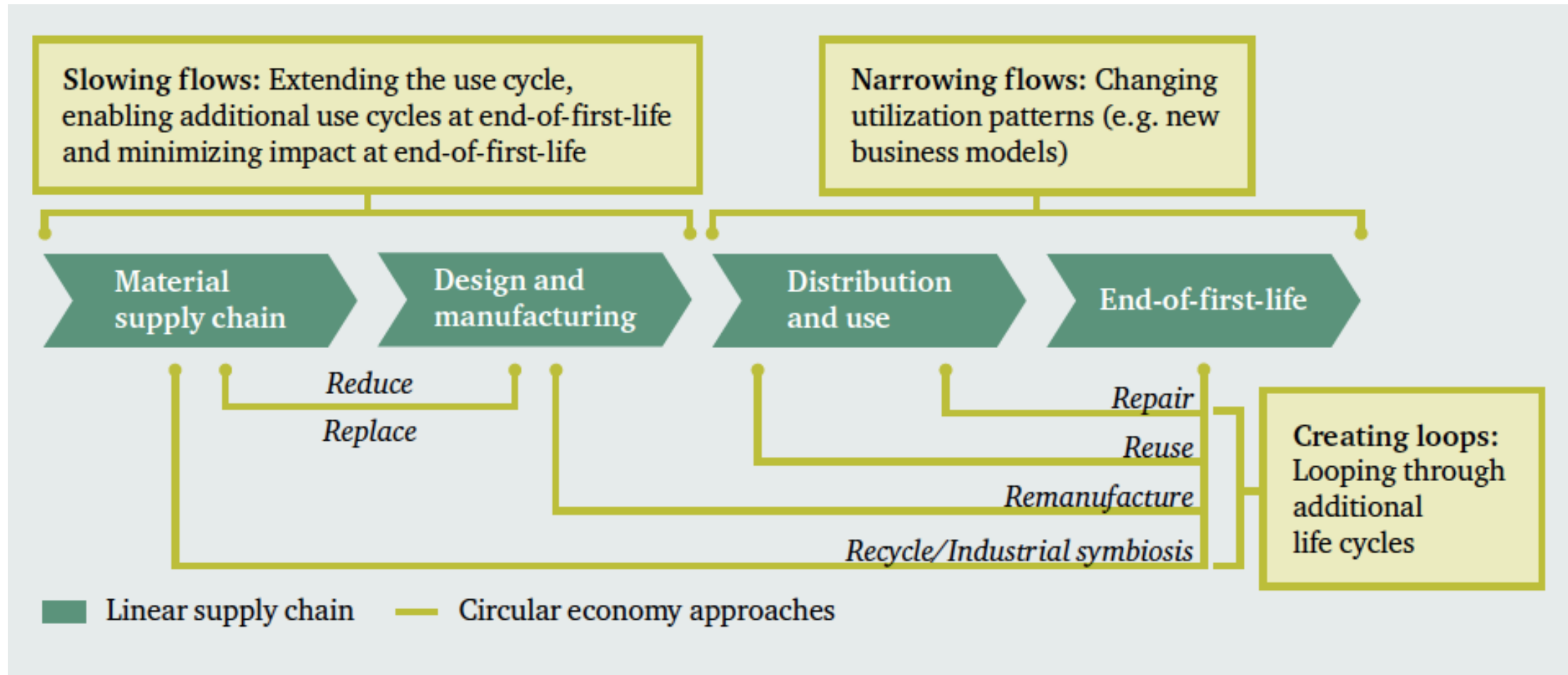
[3] reuse and repair

[4] remanufacturing

[5] recycling

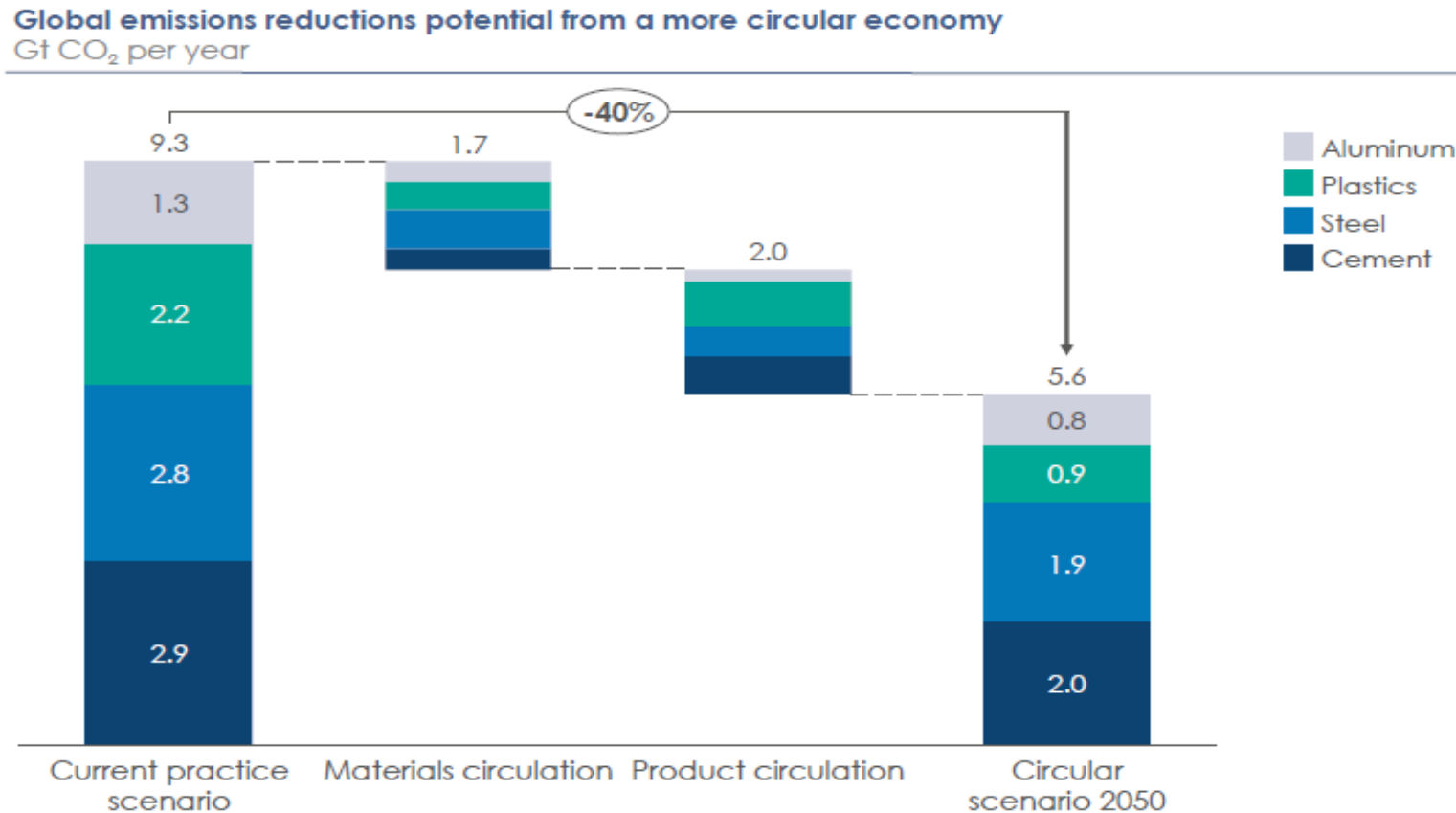
Thick arrows are natural materials, thin arrows are industrial materials.

The Circular Economy - introduction



Circular economy potentials for the “harder to-abate” sectors in heavy industry

A more circular economy can cut emissions from the harder-to-abate sectors in industry by 40% by 2050



by 56% by 2050 in developed economies like Europe and UK

Source: Material Economics analysis for the Energy Transitions Commission (2018)

Source: ETC 2018 Mission Possible report

Circular economy – opportunities for developing countries

- Applying circular economy practices can **contribute to achieving multiple SDGs**: in sectors such as water & sanitation (SDG 6), manufacturing and industry (SDG 9), affordable and inclusive housing (SDG 11), recycling and municipal waste management (SDG 12), marine life protection & fisheries (SDG 14).
- The circular economy offers a framework to **adopt a more resilient and inclusive economic model, alternative strategy for industrial development and job creation to the traditional manufacturing-led growth pathway**, which is highly relevant in the context of COVID-19 recovery.
- **Many developing countries have more circular economic systems in place**, large informal sectors already practice ‘circular’ activities in areas such as electronic waste (e-waste) and phone repairs – and could engage in higher-value CE supply chains. **The COVID-19 recovery is an opportunity to invest strategically in these sectors.**

Commitments to both the Green Deal and the Action Plan have been continuously reconfirmed by the EU Commission and the revised multiannual financial framework (MFF).

The EUR 750 billion recovery package announced by the European Commission at the end of May include **clear commitment to proceeding on the transition to a circular economy**, calling for “a massive renovation wave of our buildings and infrastructure and a more circular economy, bringing local jobs ...”.

EU €750 billion Covid recovery fund comes with green conditions

Published on 27/05/2020, 2:37pm

A quarter of spending has been earmarked for climate action and a ‘do no harm’ clause rules out environmentally damaging investments



<https://www.climatechangenews.com/2020/05/27/eu-e750-billion-covid-recovery-fund-comes-green-conditions/>

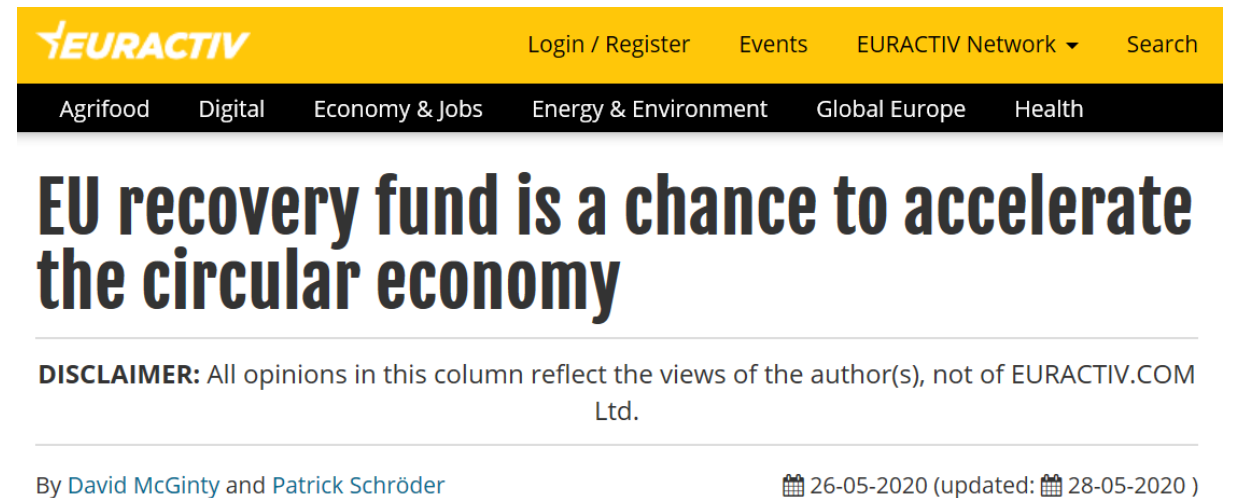
EU recovery and circular economy

Three elements will be crucial for the EU's shift to a more circular economy:

First, use the green stimulus to ensure progress on the circular economy is not further reversed by the COVID-19 crisis.

Second, promote more resilience to safeguard against resource shortages and supply chain risks.

Third, promote the circular economy through international cross-sector cooperation to support a recovery, which is also just and inclusive.

A screenshot of the EURACTIV website header and article title. The header is yellow with the EURACTIV logo on the left and navigation links (Login / Register, Events, EURACTIV Network, Search) on the right. Below the header is a black navigation bar with white text for categories: Agrifood, Digital, Economy & Jobs, Energy & Environment, Global Europe, and Health. The main article title is "EU recovery fund is a chance to accelerate the circular economy" in large, bold, black font. Below the title is a disclaimer: "DISCLAIMER: All opinions in this column reflect the views of the author(s), not of EURACTIV.COM Ltd." At the bottom of the screenshot, the author information "By David McGinty and Patrick Schröder" and the date "26-05-2020 (updated: 28-05-2020)" are visible.

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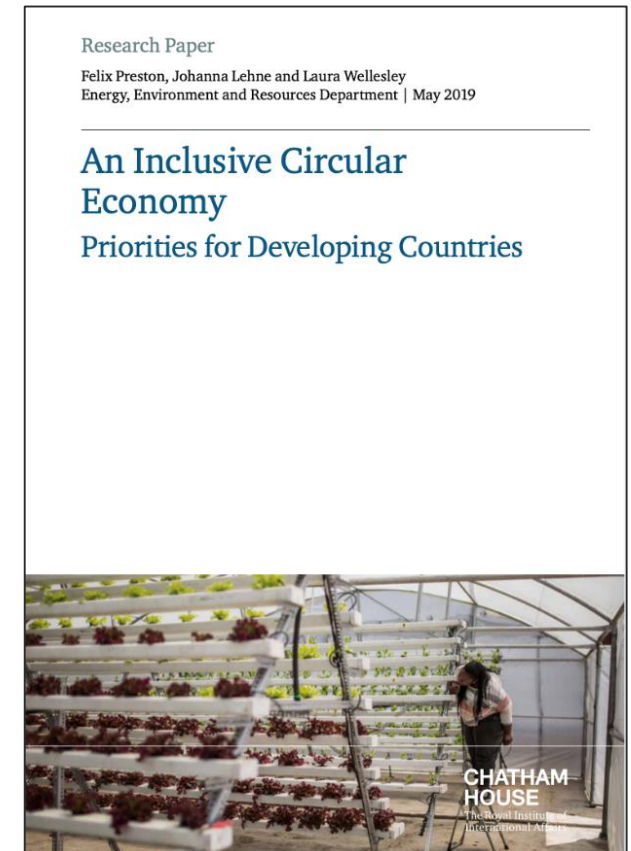
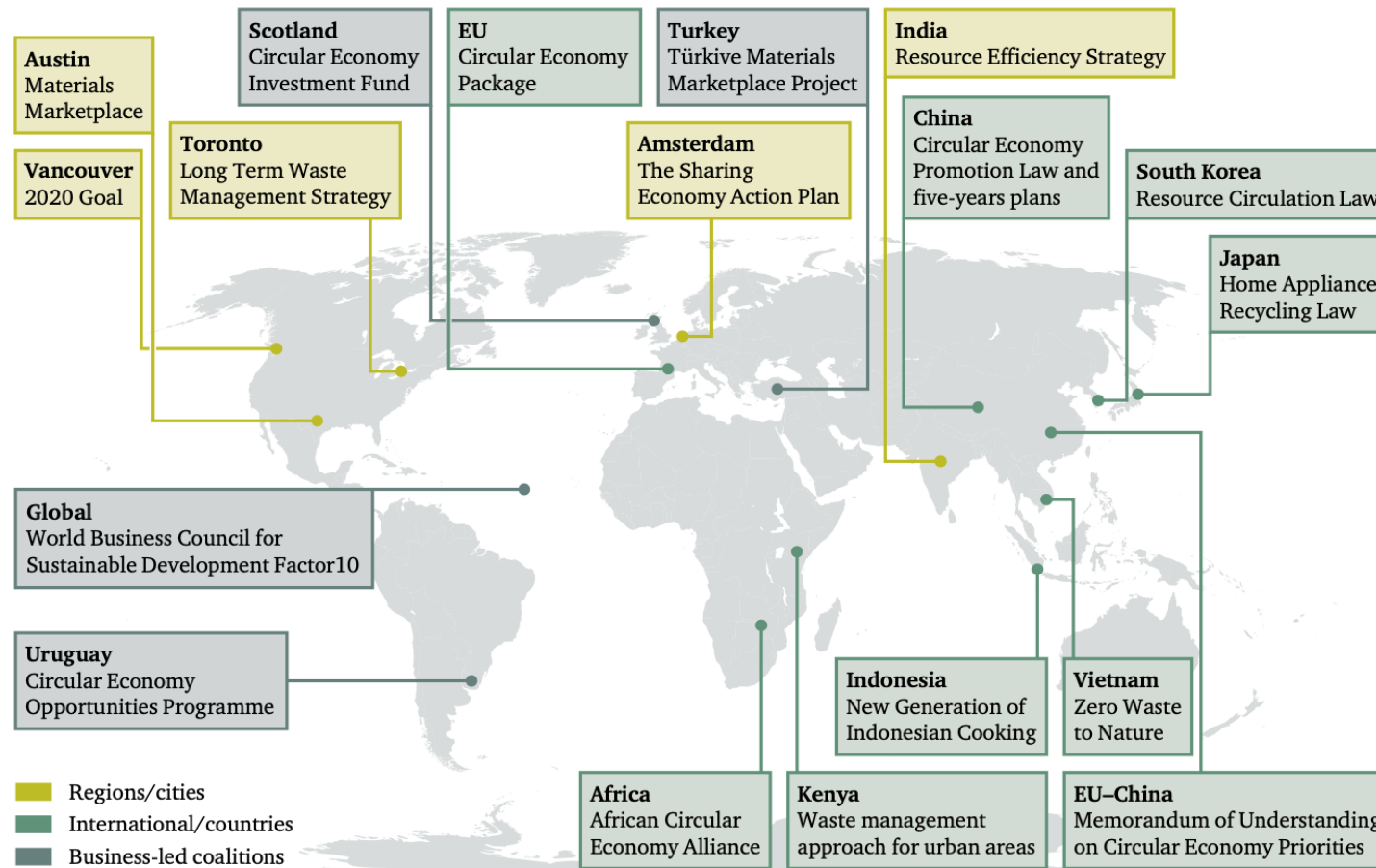
EU recovery fund is a chance to accelerate the circular economy

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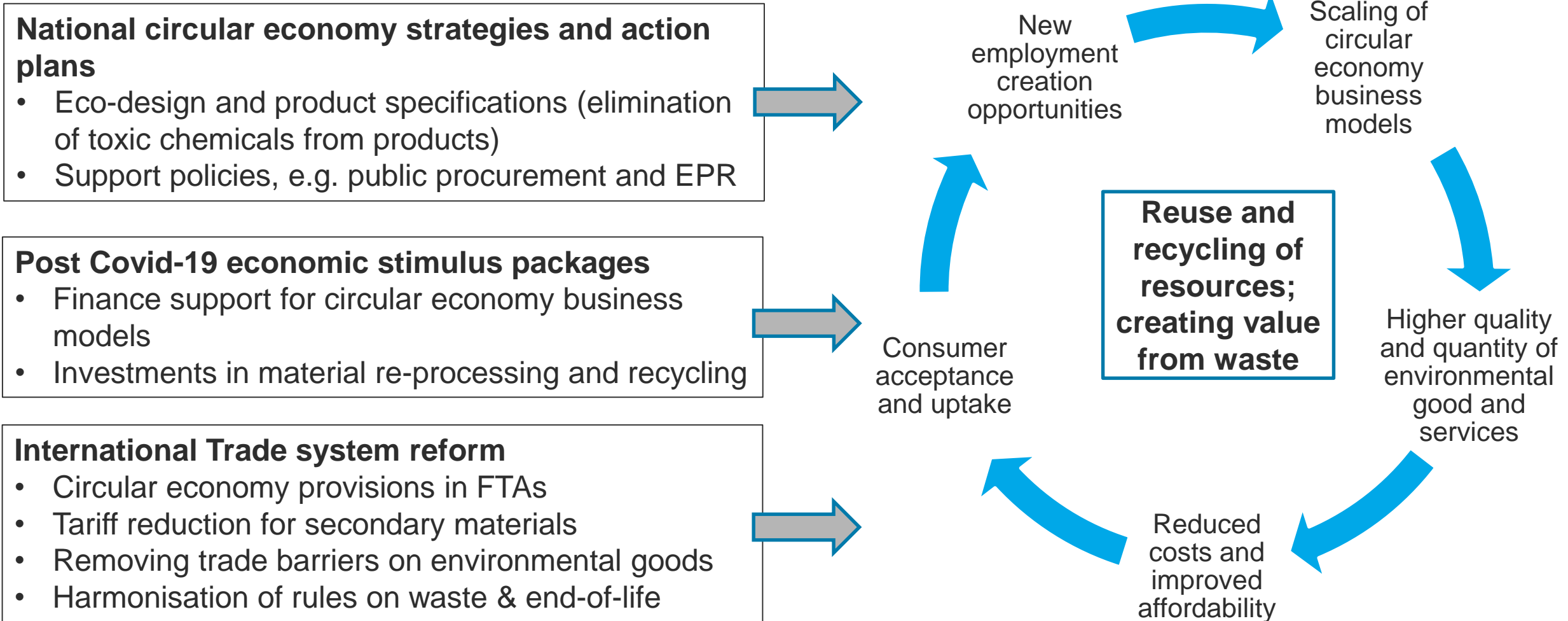
By David McGinty and Patrick Schröder 26-05-2020 (updated: 28-05-2020)

Chatham House research on inclusive circular economy

Figure 8: Circular economy activity around the world



Creating 'Virtuous Circles' for circular economy & global trade



The circular economy will require significant changes in the way global value chains are governed and how trade between countries and regions is conducted.

Circular economy does not equal trade protectionism!

Bloomberg Green

A “circular economy will make us less dependent and boost our resilience,” European Commission President Ursula von der Leyen told EU lawmakers in Brussels. “This is not only good for our environment but it reduces dependency by shortening and diversifying supply chains.”

“We need to look at how to build resilient supply chains, based on diversification, acknowledging the simple fact that we will not be able to manufacture everything locally,” - EU trade chief Phil Hogan.

<https://www.bloomberg.com/news/articles/2020-04-16/stimulus-measures-should-help-green-shift-eu-climate-chief-says>

Need for multilateral cooperation on circular economy and trade

Multilateral approach for mutual benefits:

- Regulate trade flows of secondary materials (scrap, recyclables) and prevent dumping of waste;
- Exporter and importer countries collaboration to improve domestic circular economy strategies;
- Create new markets for higher value environmental goods and services
- Improve quality, information and transparency of products traded (product passports)
- Collaboration on standards and product specifications, including eco-design;
- Increase resilience of global value chains and coordinate shortening of supply chains;

SWITCH to circular value chains

financed by the European Commission through the Annual Action Programme 2019 for Environment and Climate Change under the Global Public Goods and Challenges Programme. The project will have a five-year duration and to commence in early 2020.

Objective: The project will contribute to the transformation towards an inclusive green and circular economy.

- **Result 1: Increased policy uptake of circular economy approaches in targeted countries**
- **Result 2: Improved circularity amongst SMEs of selected value chains**
- **Result 3: Scaling-up investments in green businesses, sustainable value chains and the creation of green jobs.**



Thank you for your attention!

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