

Thanks to the World Bank for organizing this series of sessions and for involving the European Commission in this session on the circular economy.

My pleasure to deliver some framing remarks for the two platform discussions.

I will say (1) why we in the EU think that circular economy is a no-brainer, no regrets choice, (2) how we see the different parts of the equation, and (3) how we can help each other to make all parts of the world more circular.

1. **Raw materials are going to be essential for the clean technologies needed to achieve deep reductions in GHG emissions.** (→ Slide 2) If industrialized countries keep consuming as they do now and if developing countries start consuming a lot more the pressure on the planet's resources is going to become intolerable. So it is absolutely essential to rethink the economy, what we produce and consume, and to take resource/material efficiency as seriously as climate change. This means looking at how the raw material value chain and industry can transform the **supply side**. On the **demand side**, it means seeing what policy makers, industry and consumers should do to create the market for clean and circular products. Increasing the use of secondary raw materials to reduce the need for primary raw materials is an important part of this.
2. **EU approach to circular economy** (starting with CEAP 2015, which I was involved in myself; recently renewed CEAP)
 - **Whole value chain**, starting from product design (→ Slide 3)
 - Some studies for our EU 2050 climate strategy showed that **making big emitting industries like steel, chemicals or cement more circular can not only reduce the costs of their material inputs (often 30-40% of costs), but can also contribute a large part of the GHG reductions that they need to make.**
 - For example according to the UN's International Resources Panel, by 2050, resource efficiency policies could reduce global extractions by 28%. Combined with an ambitious climate action, such policies can reduce greenhouse gases emissions by 63%, and increase economic growth by 1.5%. Another study from Material Economics and Sitra, estimates that the circular economy model could reduce European emissions from large emitting sectors by 56% annually until 2050. Clearly, circularity and climate mitigation go together.
 - **Producer responsibility – for behaving more strategically upstream as far as mining and refining is concerned and downstream to use and post-use phase, which is where Extended producer responsibility schemes are relevant** (example: requirement in Belgium for manufacturers to take in an old washing machine when buying a new one), role of downstream users (like Tesla, Huawei, who are here today)
 - **Regulatory measures to create markets for circular products**, e.g. Battery Regulation to be proposed tomorrow: battery design, performance, recycling rates, minimum recycling content, battery labelling AND transparent supply chains for battery raw materials based on OECD due diligence guidelines and mandatory third party certification.
 - **Sending right investment signals**, e.g. Sustainable Finance Taxonomy
 - **Circularity in mining and raw material value chain more widely**: Not just to reduce the need for primary extraction, but also increasing material efficiency in mining itself, example: extraction of CRMs from tailings (e.g. battery grade manganese in Czechia). Recovery of REEs from iron ore waste in Sweden;

- Our new **European Raw Materials Alliance** will be working on bringing partners together to invest in circular solutions like this.
- (→ Slide 4)
- **Decoupling**, job creation and GDP potential (See details in Annex)
- **Low recycling rates for many CRMs**, need to understand how many secondary raw materials are available in our economy (“urban mine”) → Refer to CRM Action Plan, esp. action 4

3. Recognition of global dimension of circular economy

- Example: Waste exports (→ Slide 5, see EC line in Annex)
- WEEE: Electrical and electronic equipment continues to be one of the fastest growing waste streams in the EU, with current annual growth rates of 2%. It is estimated that less than 40% of electronic waste is recycled in the EU
- EU Review of Waste Shipment Directive. The review will aim at restricting exports of waste that have harmful environmental and health impacts in third countries or can be treated domestically within the EU.
- Self-image of EU:
 - On the one hand: We have to tackle our externalities
 - On the other: We have very developed recycling systems and innovative business models
 - -> We want to share our experiences and technologies, hope other nations can leapfrog the “dirty”/resource-intensive, linear development stage
- **External dimension of our CEAP:**
 - Promoting the circular economy in the context of bilateral and multilateral for a such as the G7, G20, the OECD and the UN system, as well as in the EU’s funding programmes (enlargement, Neighbourhood and development cooperation).
 - Propose a [Global Alliance on Circular Economy and Resource Efficiency](#) to identify knowledge and governance gaps in advancing a global circular economy and take forward partnership initiatives, including major economies.
 - Build a stronger partnership with [Africa](#) to maximise the benefits of the green transition and the circular economy
 - Circular Economy Missions high-level political and business meetings in third countries to communicate and promote sustainable and resource-efficient policies.
- **CE is part of March 2020 EU “Strategy with Africa”**: to maintain the value of products, materials and resources in the economy for as long as possible; minimize waste; sustainably manage natural resources, wastewater and sanitation.
- Our CRM Action plan proposes **strategic partnerships on critical raw materials with resource-rich countries, like those in Africa**, where we can help them to produce raw materials in a more sustainable and circular way and to develop higher added value activities building on their raw material resource base.
- Several African governments have made commitments and taken concrete steps to promote the circular economy. South Africa, Nigeria and Rwanda have launched the **African Alliance on Circular Economy** in the margins of the 23rd Conference of the Parties to the UNFCCC in December 2017. There is also an active **African Circular Economy Network (ACEN)**.
- DG DEVCO is currently running a **study on CE in Africa**: The study will provide a general analytical assessment of the CE situation and potential in Africa as more

detailed analyses of selected countries (country reports). A mix of countries from Northern, Western, Eastern and Southern Africa.

4. Concluding messages:

- Global transition to circularity in raw materials important; both more primary extraction and more circularity throughout the entire value chain are needed
- We all have to do more, and hope others can learn from our experiences.
- Downstream companies have a major role to play setting clear expectations for their upstream supply chain and towards their consumers.
- EU happy to work together with World Bank and developing countries, also in the context of EU Strategic Partnerships on CRMs with resource-rich countries