

The Secret Weapon of Climate Action

Interview with Freek van Eijk

The global economy still has a huge circularity gap to bridge. However, the European Union can lead the way in this direction, emphasising the role of the circular transition as a key weapon in climate mitigation and the protection of biodiversity.



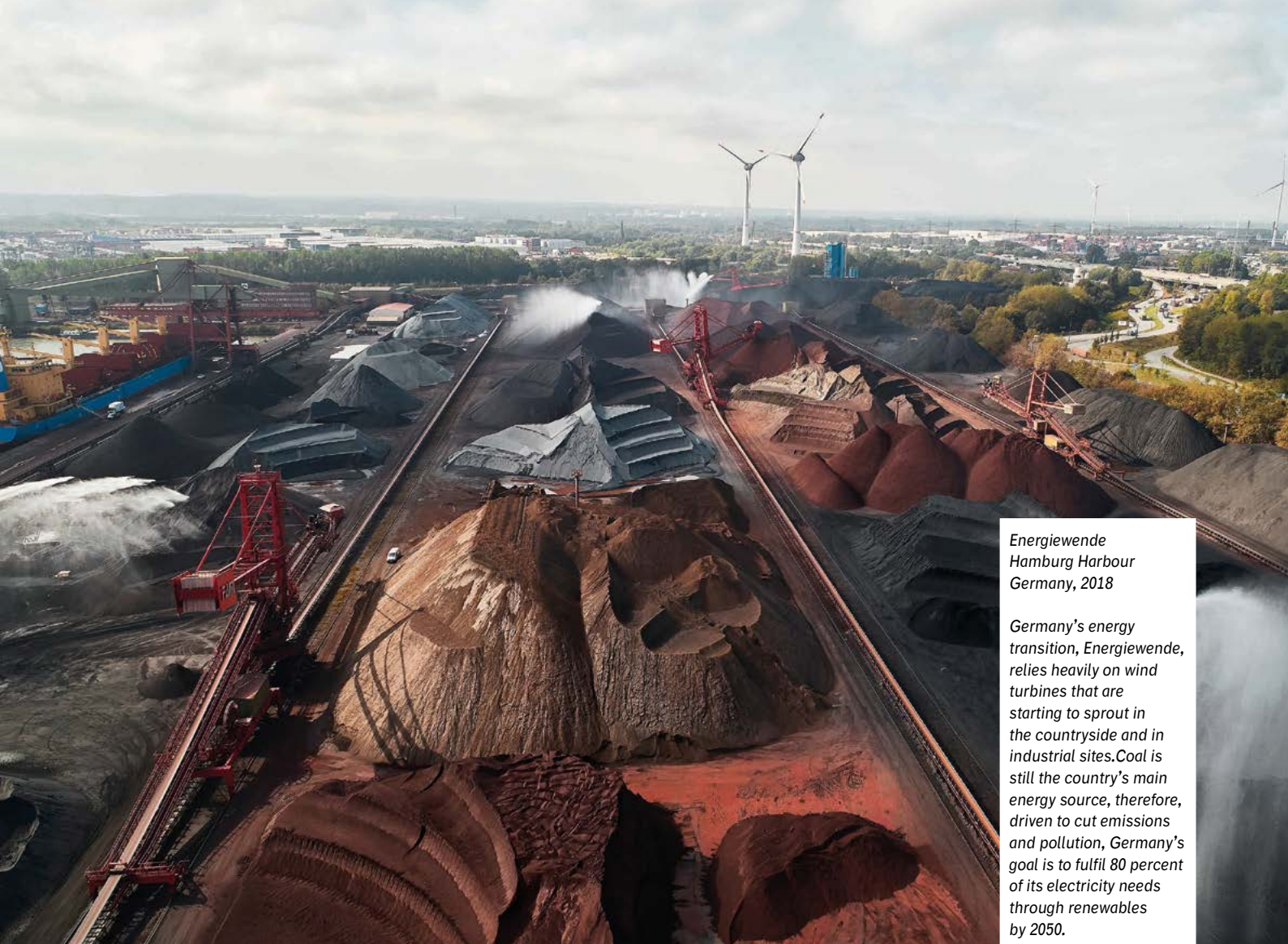
by **Tosca Ballerini**

How can circular economy help create a sustainable future? In what fields and areas should the European legislation accelerate and what economic incentives should be put in place to promote a circular economy? *Materia Rinnovabile* interviewed Freek van Eijk, Co-chair of the Coordination Group of the European Circular Economy Stakeholder Platform (ECESP) and Managing Director of Holland Circular Hotspot about best practices to develop a circular economy.

According to the Circularity Gap Report 2023, the circular economy accounts for roughly 7 percent of the global economy. In what fields and areas should the European legislation accelerate to promote the circular economy?

You're asking a big question because in a way a circular economy is a system change. Today there is too much emphasis on the end of the value chain; we need to use fewer resources, use them longer, use them again and make them clean. We need to swap fossil fuels for renewable energy and toxic materials for nontoxic ones.

The challenge is not limited to one specific sector



*Energiewende
Hamburg Harbour
Germany, 2018*

Germany's energy transition, Energiewende, relies heavily on wind turbines that are starting to sprout in the countryside and in industrial sites. Coal is still the country's main energy source, therefore, driven to cut emissions and pollution, Germany's goal is to fulfil 80 percent of its electricity needs through renewables by 2050.

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but rather encompasses everything we do. It's not only about products but also about transversal aspects and making the circular economy work for people, regions and cities, linking it to climate and making sure that the economic incentives are right. It's also about adapting the financial markets to scale up the circular economy. Translating this into more recognisable actions, it is possible to choose regenerative materials, like bio-based materials from organic residues. With business models like *products-as-a-service*, a product is not sold but delivered as a service. The fact that one party retains ownership creates an incentive to redesign the product to make it durable, easy to repair, reusable, or allow remanufacturing and thus enable product value retention. The additional continuous client contact also allows for more service innovation. The ECESP's Leadership Group on Consumers, led by the Collaborating Centre on Sustainable Consumption and Production, is exploring how consumers can be engaged in circularity through digital tools and the right infrastructure, and how a business model needs to be built so that consumer demand for circular products and services will increase.

One of ECESP's Leadership Groups focuses on economic incentive policies. What is their role in promoting the circular economy? Can you give an example of a negative economic incentive and a positive one?

Today we live in a linear economy and money makes the world go round and becomes a goal in itself. By changing the economic incentives, it is possible to promote things that we want to happen and disincentivise things that we don't want to happen. For a clear example of a negative incentive, I would refer to the International Monetary Fund data from 2020 that show that fossil fuel subsidies correspond to 6.8 percent of global GDP. This number is astonishing.

If you look at our tax system, you see that the incentives do not always reward sustainable products. Think about Value Added Tax (VAT): reduced VAT rates based on social and environmental impact are a huge untapped opportunity in most EU Member States, despite them being possible under the EU VAT Directive. The Ex'Tax Project started in the Netherlands and shows that high taxes on labour



*Energiewende
Countryside landscape
Germany, 2015*

Feldheim in Germany is a self-sufficient small town. It sells electricity to the national grid — but also supplies a local grid. Citizens have funded half of Germany's investment in renewable energy after a law made it profitable.

encourage businesses to minimise the number of employees. Resources, however, tend to be untaxed and their use is unrestrained, causing unemployment, overconsumption and pollution. The proposal we would like to work on further in the EU involves shifting the tax burden from labour to pollution. You can put higher taxes on natural resources and pollution and use the revenue to lower the tax burden on labour and increase social spending. This would create

incentives to save resources and the natural world while enabling job creation. One example of a positive incentive is the target for minimum recycled content in new products put in place for the first time with the Single Use Plastics Directive. It is a huge boost for better design, collection and reuse of these products. In this Leadership Group (led by EURIC), we have also discussed Extended Producer Responsibility, EPR, based on the *polluter-pays* principle.



Within ECESP you discussed the interface between circular economy and biodiversity policies. What are the opportunities linked to the upcoming EU Food System legislation to start shifting economic and financial incentives to promote a sustainable food system?

Through the Farm to Fork strategy, Europe wants to shift to a sustainable food system that has a neutral, positive environmental impact and helps to mitigate climate change and adapt to its impacts. Indeed, agri-food, forestry and land-use change together account for almost one quarter of greenhouse gas emissions. It is extremely important to reverse the loss of biodiversity because we could really be heading towards a system collapse. Social unrest can be related to food security. In short, we have to ensure a healthy nature and climate, while guaranteeing food security, nutrition and public health, making sure that everyone has access to sufficient, safe, nutritious and sustainable food.

Looking at the actions, it is about sustainable food production, sustainable processing and distribution, sustainable food consumption and the fight against food loss and waste prevention. Food banks and special “rescued food” restaurants should be promoted, and once the expiry date has passed, food should be processed so as to be conserved longer.

We have to work on future proteins, such as plant-based ones. The agriculture of tomorrow will create local cycles, unlike today, where we import soy from Brazil, feed it to animals in Europe, and then export the meat to Asia. Everything should be reused. For example, oils and natural fibers from citrus peel can be used to make food, cosmetics and cleaning products like PeelPioneers is doing.

Now things can get a bit more technical: the European Economic and Social Committee (EESC) is exploring topics like food prices. There is a lot of speculation in the market due to power concentrations in the food chain. This might require regulating future markets by re-introducing a regulated market for food derivatives and regulating indexes (commodities indexes and food indexes) and addressing the financialisation of the food sector as a moneymaking machine on the backs of people. Fair food prices (reflecting the true cost of production for the environment and society) are the only way to achieve sustainable food systems in the long term.

ECESP recently started a Biodiversity & Climate Leadership Group. The current climate, biodiversity and pollution crises are the result of economic activities that maximised profits and produced negative environmental externalities. What potential positive impacts can circular economy approaches have on climate and biodiversity?

I think that the circular economy is our secret

weapon for reaching the climate and biodiversity goals. Studies show that 45 percent of carbon emissions are not related to energy but rather to products. By going circular we can almost halve those emissions, not at a cost but as a business model!

The relationship with biodiversity is just as important. Circular economy is often explained as keeping materials in the loop as long as possible at their highest value, but to me, it is also about renewable energy, restoration of biodiversity, and social equity.

IUCN, in charge of this key Leadership Group, stresses that a circular economy needs to be implemented with nature in mind, or some practices may potentially pose risks to biodiversity or the climate. For instance, a very strong shift from plastics to bio-based materials could inadvertently add greater pressure on land use. There is a great urgency to align the respective policy areas so as to ensure policy integration and coherence between the circular economy, biodiversity and climate. Sustainable finance is a key priority and the initiatives that we think are going in the right direction include the Task Force on Nature related financial Disclosures (TFND) and the Finance for Biodiversity Pledge.

More than 50 percent of the world’s population lives in cities, 85 percent in Europe. This urbanisation process has increasing environmental, social and economic impacts. What is the role of cities in the circular transition?

Cities and regions are where it is all happening: if we can’t make cities and their surrounding areas more sustainable and circular, we cannot save the planet. Nobody can create a circular transition on their own. Governments set the direction and create boundary conditions like regulations; knowledge institutes provide insights, facts and figures; and then businesses take the risks, invest and are the real actors in scaling up. Cities are where these actors all come together.

ACR+, which heads the ECESP Leadership Group on Cities and Regions, pointed out that local authorities can be the best advocates for convincing individuals, consumers and local producers to speed up the adoption of sustainable actions. On the ECESP platform, we have more than 700 good practices and many of them started in cities. ●

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