



## Webinar “Circular Economy – Governance & Scale: Europe & Latin America and the Caribbean in conversation about circular transition”



The webinar “Circular Economy – Governance & Scale: Europe & Latin America and the Caribbean in conversation about circular transition” took place on 22-23 November 2021 and was co-organised by the Ministry of Foreign Affairs of the Republic of Slovenia and the EU-LAC Foundation, in partnership with Exchange 4 Change Brazil (E4CB), Circular Change, and the Brazilian Centre for International Relations (CEBRI). It was held in the framework of the Slovenian Presidency of the Council of the European Union and was part of the celebration of the EU-LAC Foundation’s 10<sup>th</sup> anniversary, in line with its area of work on Sustainable, Resilient and Inclusive Economy. The recordings ([Part 1](#) and [Part 2](#)) are available on the EU-LAC Foundation’s [Website](#) and [YouTube Channel](#).

The event aimed at providing a platform for experts and business leaders from selected sectors to showcase their expertise and share best practices as well as to enable a high-level dialogue about opportunities for new partnerships to advance the circular transition. In this sense, the panels and keynotes allowed to shed light upon recent advancements in

the field of circularity while contributing to raise awareness on the importance of overcoming the traditional notions of a linear and unsustainable economy. In particular, the potential of building on the post-COVID-19 recovery efforts of the European Union (EU) and Latin America and the Caribbean (LAC) to leverage the shift towards a circular economy on a global scale was emphasised.

The structure of the seminar consisted of two working days, one keynote speech, and five panel discussions (one high-level conversation, a second on circular roadmaps, a third on network governance and the last two of each day on circular business). The two-day event was opened by Dr. Adrian Bonilla (Executive Director of the EU-LAC Foundation) and Mr. Bogdan Batič (Deputy-Director for Common Foreign and Security Policy of the Ministry of Foreign Affairs of Slovenia), who highlighted the crucial role of building bi-regional networks between the EU and LAC to foster dialogues on circular transition issues. These opening remarks also acknowledged the leadership of the EU-LAC Foundation and the Republic of Slovenia in promoting circular economy cooperation between both regions—for instance, through the LAC Days Conference.

### **First Day**

#### **First Panel: High-Level Panel**

The first panel of the webinar was moderated by Mr. Gorazd Renčelj (Ambassador of Slovenia to Brazil). The participants of the discussion were Polona Rifelj (State Secretary for Small Business, Entrepreneurship and Crafts, Office of the Prime Minister of the Republic of Slovenia), Rolando Castro Córdoba (Vice-minister of Energy and Environmental Quality of Costa Rica), Rodrigo Rodríguez Tornquist (Secretary of Climate Change, Sustainable Development and Innovation at Argentina's Ministry of Environment and Sustainable Development), Javier Niño Pérez (Deputy Managing Director for Americas at the European External Action Service - EEAS), and Marjeta Jager (Deputy Director-General at the Directorate for International Partnerships of the European Commission – DG INTPA). Ms Cristina Solis, Under Secretary of State at the Ministry of Production, Foreign Trade, Investments and Fisheries of Ecuador, participated with a video address. (available [here](#))

Panellists addressed the need for a wide range of strategies to scale up and enhance the bi-regional strategic partnership as a cornerstone for promoting a more sustainable economic system. The main conclusions can be synthesised as follows:

- It is imperative to align the four wheels of globalisation (trade, investment, population and technological flow) in order to ensure the inclusion of every member of society in the new economic paradigm. The EU is striving for a green transition, moving rapidly to transform trade and increase productivity. To this end, it has responded through the European Green Deal, which sets the goal of climate neutrality by 2050. This transition to a more competitive and greener economy is

done through an ambitious package of measures and targets that seeks to decouple economic growth from intensive resource use. The circular economy is therefore key to meeting these climate targets, as it creates jobs, drives innovation, promotes competitiveness, and optimises the use of natural resources. A collaborative and comprehensive approach to the relationship between the two regions and their natural partnership can be key to delivering transformative circular change in the foreseeable future.

- LAC is a megadiverse region hosting 60% of the world's biodiversity. Its countries are major suppliers of raw materials to international markets. Hence, the circular economy is an opportunity for LAC economies to add value to their products and compete for new markets and consumers. Bi-regional cooperation is pivotal for achieving this, as there must be a correlation between consumers and producers: Europe can accelerate the transition and increase the demand for sustainable products from LAC. In this regard, post-pandemic recovery must be a green one, as although the COVID-19 pandemic is temporary, biodiversity loss and climate change are permanent. Recovery must follow a path towards decarbonisation, which is the case of Costa Rica and its pledge of net zero by 2050, built on competitive advantages such as a renewables-based electricity grid. Decarbonisation plans are thus a good umbrella for pursuing other goals such as the circular economy, whereby working hand in hand with local governments acquires tremendous importance.
- Returning to the old normal should not be an option in the context of post-pandemic recovery. The major driver to seek for a circular economy is that our consumption and production patterns are unsustainable in the long run due to the massive energy requirements and the great quantities of natural resources needed. The pandemic poses then an opportunity to rethink our economic system. According to the IRP Global Resources Outlook, over 50% of emissions are caused by natural resource extraction and processing, thus circular economy is not an option but a need. This should be done in the context of a Just Transition. Without it there will be no transition at all. The green agenda should not be placed as a constraint for social and economic development in places such as Argentina. A green recovery is not enough: there is a need of a sustainable recovery which requires more solidarity and new partnerships to deliver significant outcomes goals. We all need to work together and get the job done at the same time, otherwise we will not be able to attain sustainability.
- There are a number of hazardously converging crises provoked by the growth of population, consumption, and extraction. The European Green Deal emerges as a new mindset, a new approach to life. It constitutes a bid to reverse the trend of

what is considered business as usual in the context of achieving the SDGs and recovering from the pandemic. The EU seeks to advance this agenda with LAC partners by investing heavily in the region. One example is the Low Carbon and Circular Economy Business Action in the Americas initiative, an EU-funded project that aims to strengthen the EU's position as a leader in the fight against climate change by promoting the decoupling of economic growth and CO<sub>2</sub> emissions in Argentina, Brazil, Canada, Chile, Colombia, and Mexico.

- The EU is fully committed to circular transition. Its engagement is reflected on the political effort of working together for a recovery that shall be resilient, sustainable and inclusive. An enhanced partnership with LAC is thus required for that purpose. The promotion of the Global Circular Economy Alliance, of which Chile, Colombia and Peru are members, is a sign that the circular economy is a key sector for the EU's external action towards LAC. There is however a need to increase efforts through the harmonisation of investment, trade, and finance policies. The EU is ready to mobilise resources and clean economy instruments to support digitalisation and transition to circular economy in LAC. Opportunities such as this webinar are indeed vital to bring new and more stakeholders to the table.

**Keynote speech: “Governing the circular transition – The case for European/Latin American partnership in the Green Post-Pandemic Recovery”**

**Dr. Janez Potočnik, Co-Chair of the International Resources Panel**

Undoubtedly, humanity is living beyond the Earth's limits: the Inclusive Wealth (IW) Index shows that growth of GDP during the past decades has been achieved at the cost of depleting natural capital and indebting future generations. Production capital is overvalued while human capital is undervalued. Moreover, natural resources are the bridge between economy and competitiveness on the one hand, and natural degradation, biodiversity loss, pollution, and climate change on the other, giving place to an economic, social and environmental imbalance. In this vein, it is essential to maximize production, but to simultaneously maximize human needs fulfilment while considering divergent national contexts regarding biophysical boundaries and thresholds trespassed.

When it comes to natural resources, Dr. Potočnik highlights that during the last fifty years, global material use has more than tripled and material productivity started to decline around the year 2000 and got stagnated in recent years. Consequently, if current trends continue, material consumption is predicted to double by 2060. Thus, dual decoupling is imperative and essential in terms of well-being and resources for an inclusive and sustainable growth. It is therefore important to think about Circular Economy as an instrument to an economic, societal and cultural transformation needed to deliver the SDGs. For instance, it is suggested that there must be a product maximisation to providing

human needs: it is about rethinking ownership and dematerialisation. Therefore, rethinking value, ownership and (under) utilisation while aligning incentives with regulation will better create habits and strategies to achieve Circular Economy. It is suggested that everything as a service models should build on four critical design blocks: i) sustainable value proposition design; ii) business model and financial design; iii) product and operating model design and iv) ecosystem design.

From this perspective and to have a better climate change policy, it is important to think about supply side solutions combined with demand side solutions, particularly regarding to carbon management and the transition to nature-based solutions. The International Resource Panel suggests four simple recommendations:

- 1) Know your true impact
- 2) Plan together
- 3) Grow with nature
- 4) Value Nature

Simultaneously, the European Green Deal represents a new growth strategy with a changing perspective and an integral part of Circular Economy strategy to implement the 2030 Agenda. In order to achieve SDGs, Dr. Potočnik suggests two aspects: a systemic approach and a better address of core drivers and pressures. In fact, there are several aspects that must be redefined, such as prosperity, to natural resource use, progress, metrics, competitiveness, consumption, finance, governance, and leadership. This also allowed to identify eight economic ecosystems and over fifty investment opportunities that should be supported to build ecosystems based on compass orientations in the near future. To summarize, in policy terms, this would mean redefining consumption, production from mass sales to providing efficient functionalities and core economic incentives such as taxation and subsidies. In addition, it is urgent to integrate wellbeing as the objective across all policies and starting to measure sustainability with a lifecycle perspective.

This discussion finally leads to the importance of International Cooperation during post-pandemic recovery period since the planet is more interconnected than ever, meaning that individual and collective responsibility has increased. Among the most relevant lessons of this uncertain period is that there is a need to rethink the way humanity is managing risks individually, collectively, locally and globally. But most importantly, to see the importance of joining science making with policy making. Therefore, circularity must also be implicit in governance, sharing sovereignty instead of owning it. The use of natural resources sits at the heart of the challenges since it is the common cause of climate change. This allows to identify the root causes of these crisis and deliver policy responses that can tackle them jointly. Circular Economy could be a response if it is defined in a systematic manner.

To conclude, transition to a more sustainable and circular economy is unavoidable. How can we satisfy material needs in a more rational way? Circular Economy must be a chance to improve systems that deliver core material societal needs, such as mobility, housing, or nutrition. Moreover, we must bear in mind that Circular Economy is not a new concept, it is the main mechanism of nature. There is an urgent need to define new regulations to promote more sustainable modes of consumption and production and avoid, for instance, the *Paradox of Jevons* and non-sustainable rebound effects in the post-pandemic era. Environmental and Social transition should go hand in hand with a more efficient use of resources.

### **Second Panel: “Creating a Strong Base: Circular Roadmaps”**

The second panel was moderated by Ms. Ana Toni (Senior Fellow at CEBRI) and featured an introductory presentation by Dr. Jacqueline Cramer (Chair of Supervisory Board of Holland Circular Hotspot). Dr. Cramer presented the findings of a global study on the role of network governance and transition brokers as triggers for the transformation towards a circular economy. Besides remarking that network governance and transition brokers are critical for circular change, Dr. Cramer called attention on the importance of sharing a common vision and of understanding the varying national standpoints to connect transition policies and government initiatives with the needs of the people.

The following lessons learned thus were identified: 1) congruent application of network and public governance enhances the transformative change to a circular economy; 2) network governance cannot do without transition brokers; 3) receptivity to network governance varies depending on the socio-cultural and political context; 4) the governance of circular economy is country specific; 5) effective governance of circular economy relies on three general key determinants (leadership of government, involvement of actors and receptivity to network governance); 6) country specific divers and challenges can enhance effective governance; 7) the effectiveness of the governance of circular economy increases when utilising the strong aspects of a country’s governance and mobilising the most relevant actors and adequate drivers and challenges.

Building on the above, an exchange on how to realise circular economy initiatives through national or regional roadmaps integrated into a global approach took place. Ms. Adriana Zacharias Farah (Global Opportunities for SDGs – Go4SDGs, UNEP), Mr. Kari Herlevi (Finnish Innovation Fund – SITRA), Mr. Freek van Eijk (Holland Circular Hotspot – HCH) and Mr. Daniel Chang (Ministry of Science, Technology and Innovation of Brazil) joined the discussion. The core messages can be summarised as follows:

- Circular economy does not just refer to recycling. In the idea of build forward better, the circular transition in LAC means an opportunity for systemic change: a shift from an extractive economy to a sustainable economy. To achieve this goal,

climate ambition must be substantially raised: by applying circular economy principles, biodiversity loss can be reduced by 90% in the region. Furthermore, this transition must be inclusive and embrace traditional knowledge that is part of LAC's cultural background, without neglecting the importance of international cooperation to finance circularity and promote dialogues that accelerate this shift.

- To create a roadmap to circular economy from the specific country's perspective, based on a deep understanding of core societal needs, is of utmost importance. Circular economy can lay the foundations of sustainable national economies, as demonstrated by Finland's circular transformation process with a 2025 and 2035 vision. The Finnish experience illustrates the usefulness of producing a roadmap to kick-start the circular transition. By creating a shared mindset and providing a way to engage key stakeholders, this tool enables the active and participatory involvement of an expanding share of the population as agents of change.
- Collaboration is essential to attain the goal of a circular transition. Effective cooperation at international and local level between various stakeholders is required to scale up transformations. This is the experience of the Netherlands regarding its objective of achieving a 100% circular economy by 2050. To this end, circular economy hubs as transition brokers have set out to connect four key groups of stakeholders (governments and public institutions, consumers and citizens, knowledge institutes, businesses and entrepreneurs) in the idea of sharing best practices, networking and joint advocacy. Such experience can be upscaled to a bi-regional level with a view to accelerating circular change in LAC and the rest of the EU.
- Circular economy also provides a means of adding value, reusing waste in different links of production chains and minimising losses. This is the case of the Brazilian experience with the açai supply chain, which aims to recover 50% of the value lost through the production and distribution stages through the implementation of bioeconomy and circularity strategies. Accordingly, the circular transition requires building both local- and high-level partnerships in order to bring about cultural changes and introduce the technological innovations required to accelerate transformations.

### **Third Panel: “Circular Business: Textiles & Fashion”**

The third panel was moderated by Dr. Aleksandra Lobnik (CEO at Institute for Environmental Protection and Sensors - IOS). The discussion focused on how the textile industry is becoming a sector where innovative sustainable and circular practices are being developed and can set an example for other industries. To this end, the following

experiences were shared by six business leaders in the circular transition of the EU-LAC textile sector:

1. Mr. Albin Kälin presented the experience of EPEA Switzerland, a company of cradle-to-cradle experts. EPEA acts as a knowledge and innovation trustee, focusing on supply chain transparency and material health assessment. The cradle-to-cradle label was designed to certify circular economy products, processes, resources, social justice and water and soil. An example is the case of regenerated nylon, Econyl, which is employed to manufacture women's underwear in Slovenia.

2. Ms. Lilian Taise da Silva Beduschi spoke on behalf of Malwee Group, Brazil. Malwee works to reduce its impact on natural resource consumption by using recycled polyester since 2010 and recycled cotton since 2011. They have launched initiatives to implement circular economy practices along the entire value chain, e.g., by cooperating with influencers to reach out to customers, increase the reach of their commitment to circularity and encourage consumption habits linked to recycling.

3. Ms. Tina Mavrič referred to the experience of AquafilSLO, the Slovenian subsidiary of the Italian-based company. Aquafil has positioned itself as one of the leading players in the manufacture of Nylon 6 globally. Such material is transformed into supplies for the textile industry in the form of Econyl. As Aquafil's aim is to do business in a sustainable way, Econyl is a regenerated nylon made from recycled industrial plastic, fishing nets, fabric scraps, etc. which are rescued, recycled and reused.

4. Ms. Bibiana Ribeiro Rubini introduced the case of Suzano, Brazil. A pulp and paper manufacturer, this company only uses recycled raw materials from sustainable sources. They work for social inclusion, education, biodiversity conservation and sustainability. Their joint venture with the Finnish company Spinnova has led them to produce sustainable fibres for the textile industry.

5. Ms. Victoria Santos, from the SENAI Innovation Institute for Biosynthetic, stated they work in close cooperation with companies to focus on promoting applied research to develop innovative circular solutions. They belong to Brazil's National Innovation Ecosystem and provide experts with sector experience, such as process optimisation to reduce waste and water use.

6. Ms. Matea Benedetti, a Slovenia-based fashion designer, closed the panel by talking about her company –Benedetti Life– which is committed to sustainability and circular economy. She introduced herself as part of a slow fashion movement and stated that the future of all her products will surely be circular. She mentioned likewise that, in the face of unsustainable consumption trends in fashion, her companies are trying to



contribute with innovative products to encourage the trade of recycled and sustainable products among their consumers.

At the conclusion of the session Dr Lobnik mentioned the [IOS circular project "Resyntex"](#).

## Second Day

### **Fourth Panel: “Fireside Chat on Network Governance”**

The fifth panel was moderated by Ms. Ladeja Godina Košir (Executive Director of Circular Change). In her capacity as chair of the European Circular Economy Stakeholder Platform (ECESP), Mr. Godina Košir made the kick-off intervention of the second day and remarked that circular economy is an ongoing process not a new concept. As circularity is embedded in our economy, the challenge is to move from the predominance of a linear production model to a circular one. But this can only be achieved with strong network governance involving the contribution of every single one to this paradigm shift to a circular mindset. The governance issue is thus a matter of getting everyone on board, dividing tasks and fulfilling the competencies of a transition broker, i. e., being able to open doors at all policy levels to remove barriers and boost circular economy

The panel that discussed this issue was composed by Ms. Beatriz Luz (E4CB), Mr. Guillermo Gonzalez Caballero (Ministry of Environment of Chile), Mr. Daniel Heredia Muñoz (Ecuadorian Roadmap and Strategy on Circular Economy), Carolina Togård (Cradlenet Sweden) and João Nunez (CECOLAB Portugal). Their main conclusions can be summed up hereafter:

- The role of transition brokers in network governance is to be connectors and facilitators to provide solutions and activate partnerships (e.g., between large companies and SMEs). From a systemic perspective, this form of governance is people-centred, trust-based and relationship-building. Transition brokers should therefore concentrate on bringing people together, to systemically connect the different links of the value chain.
- The inescapable tension between public governance and network governance must be considered. Formal governance is as necessary as network governance, as this transition will take at least two more decades, and pre-existing structures cannot be jettisoned. Hence, the interplay between both forms of governance ensures that policies will not be dropped by the next administrations, so that these policies will endure into the future.
- Taking the initiative to drive national strategies and designing roadmaps to circular economy from scratch is important. As the case of Ecuador demonstrates, reaching different milestones may progressively build an ever more robust circular economy system with solid legal foundations.
- Transition brokers should focus primarily on communicating the needs of SMEs to government entities, in permanent collaboration with academia to transfer circular

know-how to companies. Such is the case in Sweden, where the Nordic Circular Hotspot plays a key role in putting policies into practice to accelerate the transition.

- The bridge between academia and industry, as well as between the public and private sector, is a prerequisite for activating the circular transition. This connection is based on trust to meet transition goals. Therefore, rather than focusing on technologies, it is important to highlight the role of people, the accelerators of the transition must be the people.

### **Fifth Panel: “Circular Business: The Future of Living”**

The fifth panel was moderated by Ms. Claudia Teixeira (Brazilian Centre for Innovation in Circular Economy – CBIEC). In this panel, four renowned entrepreneurs and experts from different LAC and EU countries shared innovative projects and practices that private sector in both regions has already undertaken to pave the way for a circular way of production, consumption and living. Emphasising the relevance of technology as part of the solution to attain a circular economy as well as considering the importance of cooperation and cross-learning, the participants of the discussion expressed –in summary– the following:

1. Mr. Vladimir Gumilar delivered a presentation on the Construction Cluster of Slovenia as one of the 7,000 clusters of the International Circular Construction Cluster initiative. This initiative is based on collaboration at local and global level to bring circular transformation further. Its purpose is to bring together government, corporate, academics, entrepreneurs, and capital to cooperate and work jointly. While acknowledging the importance of legislation, he pointed out this is not the sole way to drive the circular transition forward—there is a need as well for strategic partnerships, roadmaps, specific actions, indicators of success, etc.

2. Mr Ricardo Bomfim Alves, from ENEL’s Brazilian subsidiary, gave some insights on the perspective from the energy sector. For ENEL, the future is circular: the circular economy is not just a concept, a project or a strategy, but it must be the way in which business should operate in a long-term sustainability perspective. The circular transition should thus include this combination of innovation and sustainability—what they call the innovability perspective. In this way, digital networks are promoted as a key infrastructure in the energy transformation as a way to contribute to digitalisation and thereby promote internally and externally circular concepts to trigger global change.

3. Dr. Andreja Kutnar presented the InnoRenew CoE project, which is part of the European Commission’s Horizon 2020 initiative. With the growing climate ambition of the EU and its focus on resource efficiency that resulted in the European Green Deal, a need to be efficient in using scarce materials is emerging. Reusing materials is then critical to

achieve sustainability. This is why the project seeks to encourage the use of recycled materials in construction, for example, by increasing the use of wood waste for different construction purposes. Ultimately, by providing sustainable technological solutions for the use of timber in construction, the project seeks to raise awareness of the need to achieve circularity in the use of both renewable and non-renewable materials.

4. Mr. Sergio Leão finally spoke about the experience of the Brazilian Institute for Self-Regulation of Infrastructure Sector (IBRIC). Since 2019, IBRIC has developed a series of discussions on how to build a model that supports self-regulation towards integrity and transparency within the industry. As a result, it became clear that regulations promoting circularity should be implemented, for instance, through procurement guidelines. To this end, they seek to encourage tenders aimed at promoting circular practices among suppliers. They are currently working on a self-regulation strategy.

### **Closing Remarks**

#### **Ms. Izabella Teixeira, Co-Chair of the International Resources Panel and Former Minister for Environment of Brazil**

Closing remarks were made by Ms. Izabella Teixeira. Her intervention closed the event by pointing out the importance of fostering partnerships based on the possibilities offered by the future to overcome the mistakes of the past and usher in a circular economy, i.e., a better world. In this respect, it is essential to acquire a global perspective for tackling global problems, but above all, to understand the local dynamics and local needs that shape the relationship between humanity and nature.

The speaker addressed then three main topics. First, understanding how nature, human rights, mobility, migration, and other social movements are interconnected in future goals and agendas is crucial to deliver transformative outcomes in the short-term. Hence, these coming years are vital for creating a sound base for action. Second, the emerging political disputes have a direct impact in broader inequalities and injustices that should be addressed through this transition to circular economy. Third, further ambition and further action are needed in order to produce a real change.

Last but not least, Ms. Teixeira mentioned the need of a constant dialogue. There is an urgency of bringing more actors to the fore to discuss about the current needs and differences, and to come at solutions through deliberation for accelerating circular transition. It is essential to encourage a multistakeholder approach with different languages and different demands to find common rules to address concrete and shared perspectives. Circular transition is a great opportunity to foster political dialogue towards working for a better, greener world and prioritize environmental and nature-related

needs. Moreover, Ms. Teixeira suggested being pragmatic regarding the future, but also to strongly desire changes and willingness to move towards a circular transition. “We need to be pragmatic, but we also need to dream”, she finally stressed.

Wrapping up the two-day event were Mr. Ernesto Jeger (Senior Programme Manager at the EU-LAC Foundation) and Mr. Bogdan Batič (Ministry of Foreign Affairs of Slovenia). Both underlined the fact that the event provided a dynamic, valuable, and fruitful exchange platform where networking could take place. They also made clear that the discussions were held timely in the aftermath of COP26 and were guided by the principle that this complex transition does not follow a global template, instead every country must adopt its own circular economy roadmap. For that purpose, however, bi-regional multi-stakeholder partnerships at a variety of scales and levels are imperative.

*The organisers of the webinar and their representatives, Mr Ernesto Jeger from the EU-LAC Foundation and Ambassador Gorazd Renčelj and Ms. Irena Gril from the Slovenian Ministry of Foreign Affairs thanked the panellists and participants for their contributions and participation as well as invited them to follow also further events.*

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