

Addressing Climate Change and Biodiversity through Network Governance and Circular Diplomacy

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Keynote Address

Dear friends, with Izabella Teixeira I do Co-chair **UNEP's International Resource Panel** - short IRP - a science-policy interface brought together to assess trends and impacts of resource use, and crucially, future outlooks and solutions. We are a **circular economy scientific backbone**, which I hope you can rely on, and will be able to rely on even more in the future.

I was asked to explain in 10 minutes why circular economy policies are critical if we would like to address climate and biodiversity challenge and why this will not be possible without improved governance and cooperation at all levels. Let me try.

The World has changed. In 1972 when Club of Rome released the famous *The Limits to Growth* it was 3.8 billion people on the planet, few weeks ago we surpassed 8 billion. We moved from an empty world dominated by nature to a full world dominated by humans.

For the first time in a human history, we face the emergence of a single, tightly coupled human social-ecological system of planetary scope - just think about climate change, pandemics, internet, trade, travel, global security threats and I could continue. We are more interconnected and interdependent than ever, and our individual and collective responsibility has enormously increased.

We are once again facing devastating war on our continent, due to Russia's invasion of Ukraine. After a year of conflict, we are facing severe consequences. This acute crisis in our region has exposed our deep fragility. Fragility we have unfortunately ignored for a long time during the good times.

But we are also facing chronic crises - the triple planetary crisis of climate change, biodiversity loss, and pollution, and fragmentation and inequality continue to exist, even deepen. Taking painkillers will not heal chronic diseases - rather hide them and make them worse.

The way we manage our natural resources is critical. International Resource Panel is clear: resource use is at the root of our triple environmental crises: resource extraction and processing drive 90% of land related biodiversity loss and water stress, 50% of greenhouse gas emissions, and one third of health-related pollution impacts. The trends are alarming: material use, which comprises everything extracted from the earth, has tripled since 1970, and without transformative change it will double again by 2060.

Resource use harbours deep inequalities: high-income countries have benefitted most, and have driven the planetary crisis, while emerging and developing economies hold least responsibility, and are facing the worst impacts. World Inequality Lab recently published the 2023 Climate Inequality Report showing how much inequality is driving climate impact. The top 10% of global emitters are responsible for 50% of global carbon emissions. This is not just a country-level story: the highest consumers everywhere are responsible. The report shows that carbon emission inequalities within countries deserve as much attention as between the countries.

Central question, circular diplomats should ask, is: How to meet human needs and maximise our wellbeing by optimising the use of energy and materials, which for high-income countries means by using both less!

We need to **decouple** our economic growth and wellbeing from the natural resource use and from environmental impacts.

European Green Deal is clear about that. In its most quoted paragraph, we can find the targets *»of reaching no net emissions of greenhouse gases in 2050 and where economic growth is decoupled from resource use. «*

But it is interesting to see how much attention is given to the goal related to no net emissions of greenhouse gasses and how the second part of the commitment - economic growth to be decoupled from resource use - is **somehow set aside, rarely mentioned.**

It is only recently getting more attention, but again only in the context of the need to reach the no net GHG emissions target, due to the acknowledgment that success of energy transition depends on

securing the access to increased critical material needs. Europe is fragile from energy and materials security perspective. While securing supply is important, it will be also crucial that we first carefully look at where and how we could reduce energy and material needs to strengthen strategic autonomy and increase Europe's resilience. We must avoid replacing energy system based on fossil fuels with one based on materials - avoid replacing one dependency to another.

Now to the circular economy. It should be seen as an instrument for decoupling of economic growth from resource use and environmental impacts in practice, as well as a part of the bigger picture of economic, societal, and cultural transformation needed to deliver the EGD and SDGs. It should be seen as core ingredient for strengthening resilience and strategic autonomy.

However, most climate policies and national plans still neglect systemic resource efficiency solutions in their **NDC submissions, as well as in national biodiversity plans.** Focusing only on supply-side efforts, on cleaning the energy system, as important as that is, will not deliver our climate and environmental targets. We must also exploit the potential of demand-side measures, which would also get us closer to the questions related to responsibility and equity. Resource efficiency, especially in high-income countries and among wealthy people, should thus be complemented with sufficiency-based policies and behaviour. We must stop ignoring the inherent wastefulness of our production and consumption. For example, it would be in vain to decarbonize the production of steel, as important as that is, if it is used to produce under-utilised cars and empty houses, which contribute to traffic and property market bubbles, not to real social prosperity. We must reduce our material/consumption footprints.

We have prioritized the prevailing, broken, economic system for so long that it sometimes proves impossible for decision-makers to imagine a different one. Any suggestion to deviate from our growth-driven path is met with accusations of being anti-wellbeing and having disregard for people's hard-earned livelihoods.

I hope I have listed enough convincing reasons for the need to strengthen the presence of our circularity-based logic. And no doubt,

for that we would need to activate all forces on all the levels, we would need to critically improve our governance and impact, **starting with our responsibility as individuals and ending at global level.**

As consumers we must behave responsibly, no doubt, and we must be well informed. But when addressing consumption, I do not want to point the finger only on consumer, as important as choices we made are. Many consumption related questions are in the hands of policy makers and producers. Consumers are confused. We ask them to behave responsibly, but market signals are sending them in the opposite direction. We have to pay more for healthier and environmentally responsible products, and it is on policy makers to fix that. We are also bombarded and manipulated by commercials from producers. I have picked this message few days ago at Brussels airport: "Working hard ... to bring you a new shopping experience."

A lot could be done also on **local and cities level.** The local authorities and city majors have high level autonomy to move their region or city in the right direction. Cities are also places where problems are concentrated, meaning that also solutions are most effective there.

Good examples, pushing the circular ambition higher, could be found also on **national level.** As part of their programme to deliver a government-wide programme for a Circular Dutch Economy by 2050, the Government of the Netherlands has a bold target to reduce raw material consumption by 50% by 2030. As well as examples from governments, knowledge from civil society organisations can guide action. A piece which recently inspired me most was WWF Norway's report: *Halving the Footprint.*

There are also important examples on **regional EU level,** contributing to the circular economy ambitions. European Circular Economy Stakeholders Platform is one of them. But those establishing important collaboration examples, like this Platform, are also obliged to make best use of them, which is not always the case.

I have started my talk by pointing to the fact that the world has changed, that patterns of governance established in the past are simply not fit for purpose to address the challenges we face. We need more circularity also as part of the governance on a **global level** -

instead of owing, there is a need for sharing sovereignty and the COPs in the climate and biodiversity area are good examples of shared sovereignty. We do not have a similar global governance structure, a convention, for the natural resource area or circular economy, and there are discussions going on about the need to propose something. Initiatives are emerging for example in the field of plastics and chemicals, clearly showing an interest and a need to move the governance structures further. For now, it is essential that our voice, echoing the need for better integration of circularity and demand side policies is loud and clear in the climate and biodiversity efforts. It is critical for reaching the targets set in both.

GACERE is a good example of a circular diplomacy at an **international level**, and European Commission should be praised for active role playing there. I see it as a bridge to hopefully something which might help us moving circularity efforts from international to a global level. Also, the efforts linked to G7 and G20 proved to be potentially very effective, at least that is the experience we have at the IRP.

Finally, on all the levels, one of most important and convincing ways to come closer to citizens, and make the transitional efforts concrete, tangible and understandable, are the **case examples, which could be replicated and scaled up**. Only that those cases should not become the soft-landing pillow to make us feel better. They should not be used as an excuse to avoid the necessary system change.

Dear friends, you can call it cooperation, cocreation, networking, hubs, actions, case-examples, or circular diplomacy efforts ... **all mentioned, and more, is needed to make circular transition a reality.**

To conclude, trying to maintain the current economic system, and at the same time fixing the chronic triple planetary crises, is not consistent and just creates a lot of confusion and lobbying.

Few basic shifts are needed:

First: We need to shift from currently still prevailing reality putting humans in function of economic success to an economy, which will be in function of delivering functionalities and meeting human needs. We need to set the order right.

Second: We need to move from an economy considering humans as external and superior to nature, to an economy acknowledging that we are embedded with nature. Destroying nature is destroying ourselves.

Third: We need to move from an extraction-based production to a circular creation-based production. We should stop stimulating extraction based economic success and rather reward the responsible, innovative, creative ways of meeting human needs.

And finally: We must fix our governance structures and make them fit for purpose. We must shift from an egoistic, short-term based interests' governance structures and logic to cooperation and sharing sovereignty. We must improve our collective resilience. We need a well-designed intergenerational pact.

And without a real system change, circular economy being an important part of it, we will not miss only the climate and biodiversity targets, but more ...

Because, dear friends, **access to, and use of natural resources** have been in the human history always closely related to the level of the wellbeing achieved, but also to stability, security, conflicts, wars - just remember importance of access to land, water, oil and gas, minerals, or precious metals - the whole history of the colonialisation of nature, so central also to fairness and equity.

The lessons learned recently from terrible war, pandemic, the hottest summer since we are recording the temperatures, are more than convincing to understand that changing **our relationship with nature**, is ultimately not only environmental, but also an economic, equality, security, and resilience imperative. This relationship is not stable, nor balanced, and it will be resolved either with collective wisdom and effort, or in a hard and very painful way, through conflicts, hunger, pandemics, migration ... and I could continue. This is the choice we have. We must broaden and strengthen the front of stakeholders advocating for change and put the current challenges in a strategic context. And you, by advocating for better governance and circular diplomacy, are doing exactly that. Thank you for helping us delivering the future we want and thank you for your attention.