

**World Circular Economy Forum 2018
Yokohama, Japan**

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Check Against Delivery

Good morning everyone. It is a real pleasure for me to be here today.

I would like to begin by congratulating the Government of Japan for hosting this important forum, after the Government of Finland initiated the World Circular Economy Summit.

The circular economy is a topic whose time has come, and I see more and more interest in this topic for both governments and businesses around the world.

Take the example of the GEF. When I proposed GEF creates a product line for the circular economy in our next four-year investment cycle at the beginning of the

GEF7 replenishment negotiation two years ago, many did not know what circular economy means and nobody knew what the GEF can offer. Now, in visits of the last two weeks in Indonesia, Thailand and Vietnam, everybody wants to do more on the circular economy. This is a sea change! And, for good reasons!

I believe that the circular economy is a nothing less than a blue print for a fundamental transformation of our economic system—a transformation that that is urgently needed, that is entirely possible, and that is indeed desirable.

Why am I saying this?

Our economic model has not changed much during the past 100 years: for all this time, it has been dependent on natural resource extraction. As I am sure Isabella will tell much more about, the International Resource Panel estimates that last year we extracted about close to 90 billion tons of natural resources [*IRP p. 28*]. If existing trends continue, this will double to 180 billion tons 2050 [*IRP p.45*]

What is worse, our economic model is essentially linear: we extract, we manufacture, we consume, we throw

away. It has been estimated that only 9% of the resources that are extracted returns to the production system as input into new products after their first use [*Circle Economy p. 22*].

This economic model is on a collision course with nature, and it must urgently change. It is becoming clear that we humans are now pushing our planet and Earth Systems, that are the very foundations for our economies, to their breaking point, sometimes called Planetary Boundaries.

The IPCC report that came out earlier this month makes it clear that we only have another 10 -12 years to act if we are to keep global warming within 1.5 degree Celsius. It calls for systems transformation, unprecedented in scale and speed.

But climate change is only one of Earth's systems that are severely under stress. We are also losing biodiversity at alarming rates, deforestation and land degradation continues, ecosystems are being compromised, our oceans are being polluted, and toxic chemicals are being released.

The message from science is clear: we cannot continue our economic model: we must fundamentally transform

our key economic systems: we must transform our cities to sustainable, decarbonize our energy system, fix our food system, and we must rapidly **make our economies more circular**. It is the only way we can stay within our Planetary Boundaries.

This is why I say that a move to a circular economy is needed.

But as I mentioned in the beginning, I also believe that a circular economy is possible. There are three reasons for me to say this.

- (1) One reason is that the price of natural resources have begun to increase during the past 10-15 years, after almost continuously falling during the previous 100 years [*Towards the Circular Economy*, p 13]. Higher prices naturally provide an incentive to reduce waste and increase the efficiency of natural resource use.
- (2) This is closely related to the second reason why a move to circular economy is possible, namely that it creates huge business opportunities. At its core, the business opportunity of the circular economy is for companies to move from waste to value.

This increases efficiency and it rewards innovation in terms of material use, product design and even an entirely new business model.

- (3) The third factor that is increasingly making the move to a circular economy possible is technology. For example, modern digital and communication technology greatly enhances the possibility for product tracking and monitoring, which can help close the product cycle loop.

Last, as I mentioned, there are trends that suggest that a move to a circular economy is increasingly seen by consumers as something desirable. This is especially the case among young people. It has to do with a changing perception of what it actually means to be a consumer: whereas in the past being a consumer was closely linked to also being the owner of the good that is being consumed, many young people now consider themselves more like users. Thinking of consumers as users allows business to completely rethink their business models and production processes to prevent waste.

Before I close, I would like to reflect briefly on what policy makers, and international financial institutions like

the GEF, can do to accelerate the move to a circular economy.

I was in Indonesia, Thailand and Vietnam recently and all of them enthusiastically talked about marine plastics. It is great that awareness has been raised so high. But it is essential to establish a comprehensive view of the entire product cycle of plastics if we are to make significant difference.

I want to emphasize three points: Innovation, regulation and coalition.

In terms of “innovation”, there is a need to support innovation in terms of alternative materials that are, for example, biodegradable. The manufacturing process of plastic products also offers huge opportunities for redesign and innovation.

Second, in the area of extending the product use-life, or to reduce or eliminate the use of certain types of plastic, the potential for public sector intervention and regulation is large.

Third, coalition. There is a need to reduce the use of many different types of plastic—emphasis should be on

producing a limited number of different plastic materials, as this will ultimately help recycling. This is the purpose of the global plastics protocol that the Ellen MacArthur Foundation and others are working on. One of the challenges is that we can only achieve such changes if a broad coalition of market players come together and move at the same time.

In summary, it is my firm belief that tomorrow's economy should be, could be and will be radically different from yesterday's economy. To make it happen rapidly we must build strong multi-stakeholder coalitions to make sure we cover the entire product cycle, public and business together, and have sufficient scale to shift entire markets. This Forum is a great opportunity to push forward on this agenda, and I look forward working with all of you to make it happen.

Thank you.