

## Circular Economy (CE)

### Understanding the concept with a view to defining the way forward

*Prepared by the Secretariat in consultation with the Bureau of the Steering Committee on Trade Capacity and Standards*

#### 1 Reviewing conceptual approaches to the CE topic

Circular economy (CE) is an evolving concept. Following its origin in the 1987 Brundtland report “Our Common Future”, further roots can be found in the Rio Earth 20 Summit (1992), the Green Growth (GG) concept that was at the core of the MDGs (2000-2015), the 2008 UNEP Green Economy Initiative (GEI), the Rio + 20 Summit (2012) (see box 1) and finally the 2015 SDGs/2030 Agenda.

#### Box 1: CE as an evolving concept (timeline)

- It finds roots in the 1987 Brundtland report “Our Common Future”, which warned against the harmful impact of accelerated industrialization on the environment.<sup>1</sup> This definition ushered in the paradigm of “green growth” (GG), which emphasized shifting to green production and consumption as the natural and optimal path to follow.
- The paradigm inspired the Rio Summit (1992), which heralded green growth as the key element in the achievement of sustainable development and approved guidelines on green economy policies.
- Green growth (GG) was upheld as the optimal solution under the MDGs (2000-2015) that featured a special focus on the environment (MDG 7, ensure environmental sustainability).
- This solution gained new life in 2008 when UNEP launched the Green Economy Initiative (GEI),<sup>2</sup> giving rise to the ILO’s “green jobs initiative”<sup>3</sup> and providing further impetus to the debate on “clean development mechanisms”<sup>4</sup>.

At a broader level, CE calls for decoupling economic growth from environmental impact, combining the environmental, with the economic and social dimensions so that CE contributes to poverty

<sup>1</sup> <http://www.un-documents.net/ocf-a2.htm>. The report advanced the imperative of approaching economic development from a somber perspective; one which realizes the dark side of unfettered quest for economic prosperity. However, the report only highlighted the strategic goal that Governments should strive for. It invited them to focus on “sustainable development”, which “meets the needs of the present generation without compromising the ability of future generations to meet their own needs.

<sup>2</sup> UNEP launched GEI in 2008. The initiative was embraced by the UN Chief Executives Board. <https://sdg.iisd.org/news/unep-launches-green-economy-initiative/>. UNEP is still promoting this initiative. (<https://www.greeneconomycoalition.org/members/un-environment-programme-gei>)

<sup>3</sup> The initiative was launched in 2008 with the release of ILO’s report “Green Jobs: Towards decent work in a sustainable, low-carbon world” ([https://www.ilo.org/global/topics/green-jobs/publications/WCMS\\_158727/lang--en/index.htm](https://www.ilo.org/global/topics/green-jobs/publications/WCMS_158727/lang--en/index.htm)).

<sup>4</sup> There are numerous articles on this including "The Clean Development Mechanism, Sustainable Development and its Assessment" by Martin Burian and "A Review of Community Co-Benefits of the Clean Development Mechanism" by Nate Hultman. Now they are called green transport, clean energy (so it is either clean or green).

reduction and other SDGs. In so doing, it takes a multifaceted approach and calls for a whole-of-government approach.

## 2 Work under the SCTCS of direct relevance to supporting sustained transition to CE

Work under the SCTCS contains elements of such an approach span the macro and meso level, with transport as a cross cutting building block (table 1). The next step would be to build on these elements, with a view to improve the contribution to the CE.

**Table 1. SCTCS work streams and their contribution to a CE system of incentives**

Level	Entry point	SCTCS work stream contributing to CE
Macro	Policies, laws and regulations	<ul style="list-style-type: none"> <li>• <b>Studies on regulatory and procedural barriers to trade</b> foster the interplay between non-tariff measures (NTMs), enterprise development and structural transformation through a whole-of-government approach</li> <li>• <b>WP.6</b> offers policy makers with <b>recommendations</b> for supporting regional harmonization in a manner that is consistent with the requirements of the WTO Agreement on Technical Barriers to Trade (TBT) [clarify]</li> <li>• <b>WP.7</b> offers policy makers with <b>consensus-based commercial standards</b> for improving market access conditions for agricultural products in a manner that is consistent with the TBT Agreement .</li> <li>• <b>UN/CEFACT</b> offers policy makers with <b>practical tools</b> for preparing trade facilitation action plans (Trade Facilitation Roadmaps)<sup>5</sup></li> </ul>
Meso	Institutions	<ul style="list-style-type: none"> <li>• <b>WP.6</b> offers recommendations for: (i) creating the necessary institutional capacities for ensuring animal, plant, human and environmental health and safety; and, (ii) gender responsible standard setting organizations</li> <li>• <b>WP.7</b> offers policy makers : (i) targeted training building the necessary capacities for implementing agricultural commercial standards; and (ii) guides, assessments and tools for supporting the reduction of food waste/food loss by tracing losses, data collection and practical interventions.</li> <li>• <b>UN/CEFACT</b> offers a range of recommendations, standards and best practice guides that strengthen institutions (including by promoting transparency, predictability etc.). In so doing, UN/CEFACT tools address aspects that support a transition to a circular economy (e.g. towards paperless trade in a manner that increases trade efficiency and bolsters connectivity)</li> </ul>
Micro	Enterprises	<ul style="list-style-type: none"> <li>• <b>WP.6</b> training modules for supporting MSMEs post COVID-19 recovery through the use of standards</li> </ul>

<sup>5</sup> Activities by UN/CEFACT are for information. **Studies on regulatory and procedural barriers to trade** build on UN/CEFACT recommendations. An overview of UN/CEFACT's approach to supporting a transition to CE is available at: [https://www.unece.org/fileadmin/DAM/cefact/cf\\_plenary/2020\\_Plenary/ECE\\_TRADE\\_C\\_CEFACT\\_2020\\_24E-UNCEFACTdeliverablesCE.pdf](https://www.unece.org/fileadmin/DAM/cefact/cf_plenary/2020_Plenary/ECE_TRADE_C_CEFACT_2020_24E-UNCEFACTdeliverablesCE.pdf)

Level	Entry point	SCTCS work stream contributing to CE
		<ul style="list-style-type: none"> <li>• WP.7 training modules on agricultural quality and food loss issues, with a special focus on SMEs post COVID-19 recovery and reset of more inclusive supply chains</li> <li>• Studies on regulatory and procedural barriers to trade bring forward the interplay between NTMs and the enterprises' technological capability</li> <li>• UN/CEFACT standards and training modules on dematerialization of documents for SMEs and Integrated Services for micro, small and medium sized enterprises (MSMEs) in international trade</li> </ul>
Cross cutting	Transport	<ul style="list-style-type: none"> <li>• <b>Studies on regulatory and procedural barriers to trade</b> highlight the main weaknesses and capacity shortfalls that need to be addressed for reaping the expected benefits from trade reforms.</li> <li>• <b>UN/CEFACT</b> recommendations, standards for facilitating paperless multi-modal transport corridors.</li> </ul>

### 3 Way forward

Work under the SCTCS involves concrete recommendations, research and capacity building activities with direct contribution to supporting sustained transition to a circular economy (CE). WP.6 and WP.7 are discussing avenues for further strengthening their contribution to the CE. The studies on regulatory and procedural barriers to trade could be extended to allow for a targeted focus for supporting sustained transition to CE in a manner that is consistent with the 2030 Agenda's notion of trade as a means of implementation (SDG 17).