

Okko-Pekka Salmimies, *Visiting Senior Fellow, FIIA*

THE GLOBAL TRANSITION TO A CIRCULAR ECONOMY

FINLAND NEEDS A STRONGER FOCUS ON THE FOREIGN POLICY DIMENSION TO REMAIN A FRONTRUNNER

Finland is preparing a Strategic Programme for the Circular Economy this autumn. It offers an opportunity to strengthen policy coherence between domestic policies and different aspects of foreign policy relevant when promoting a circular economy.

The solutions and operating models for a circular economy provide opportunities to address global climate change and material scarcity challenges. Finland launched the world's first road map to a circular economy in Finland in 2016. That same year, the circular economy was introduced in the work programme of the OECD based on Finland's initiative. In 2017, Finland organized the first World Circular Economy Forum, and the World Trade Organization (WTO) discussed the circular economy on Finland's initiative for the very first time in 2018.

Finland has received positive feedback for being proactive and

pioneering in introducing the circular economy. However, thus far, domestic policy goals and actions have dominated the planning and defining process for the Finnish circular economy and pushed foreign policy aspects into the background. These foreign policy aspects of the circular economy need more attention, coherence and coordination among key actors.

The starting point for the 2016 road map entailed harnessing the circular economy to work as an engine for economic growth and investment. An aim was set for Finland to become the leading country in this respect. The foreign policy dimension was not addressed in

achieving this goal, however. The updating of the road map in 2019 restated the priority goal of utilizing the circular economy in accelerating export and growth. The foreign, trade and development policy aspects were not dealt with, apart from calling for action in export promotion and financing as well as country image work.

According to the European Commission's Circular Economy Action Plan, the EU can only succeed if its efforts also drive the global transition to a circular economy. The action plan calls for developing a more comprehensive and coherent set of laws, and for addressing the need for consistency

with external relation policies and global rules, referring specifically to the WTO. The action plan calls for 1) developing regulations at a global level, 2) addressing knowledge and governance gaps in third countries, 3) building a strong partnership with Africa, and 4) ensuring that Free Trade Agreements reflect the enhanced objectives of the circular economy.

The key starting point for the recently published circular economy strategy of Sweden is supporting the shift to a circular economy at both the EU and the global level. The strategy calls for more attention to be paid to the circular economy in trade policy, making specific references to the role of the WTO, the OECD and the Free Trade negotiations of the EU. Influencing the international operating environment and competitiveness are cross-cutting principles throughout the strategy. Sweden's strategy, as well as the Commission Action Plan, are closely linked to the Sustainable Development Goals (SDGs) of the UN.

Finnish Prime Minister Sanna Marin's government programme addresses the circular economy as a key driver in the transition to a carbon-neutral society by 2035. The ambitious goal to set an example for other countries in

circular-economy terms is well in line with the subheading of the government programme: "Globally influential Finland". The programme concisely expresses the goal for circular economy foreign policy: "We will also strengthen Finland's profile as a leader in circular economy in international forums".

Due to the aim set by the government programme, a more precise definition and structuring of the circular economy foreign policy is needed. The Strategic Programme for the Circular Economy will be finalized this autumn and will provide an opportunity to pay more attention to trade policy, especially in the EU Free Trade Agreement and WTO multilateral context. In addition, the importance of international standardization work, especially that of the EU, the ISO and the OECD, should be taken into account. Other issues that can be addressed in the Strategic Programme include public-private partnership (PPP) models, taking into account the differing needs and conditions of target countries, bilateral research, development and training cooperation, utilizing the instruments provided by development policy, as well as financing and investing in circular economy technology transfer to emerging and developing markets. The

allocation of climate financing to circular transition, country image and high-level advocacy work can also be clarified and put into action coherently and efficiently based on the new Strategic Programme.

A comprehensive Africa Strategy, also based on the government programme, provides an excellent opportunity to strengthen policy coherence between trade and development policy and to clarify foreign and security policy aspects of the circular economy at a concrete level.

Promoting the circular economy in Finland as well as abroad is, above all, a cross-sectoral activity. All of the issues listed above are linked to Finland's external relations and the competence is divided between several ministries. Hence, cross-sectoral policy guidance is needed in order to promote the circular economy in a target-oriented, systematic and coherent manner.

A comprehensive and consistent circular economy foreign policy would strengthen Finland's role in international climate cooperation. It would also improve opportunities to influence the development of international markets in a manner that would support the provision of and demand for Finnish circular economy solutions, innovations, operating models and products. /