



Ministerie van Infrastructuur
en Waterstaat



Government and banks work together to accelerate progress towards a circular economy

The Netherlands aims to be a fully circular economy by 2050. Government is working with ABN AMRO, ASN Bank, ING, NWB Bank, Rabobank and Triodos Bank to fulfil this ambition.

This ambition is important for the future of the Netherlands:

- 50% of global greenhouse gas emissions and 90% of biodiversity loss are linked to the extraction and processing of raw materials¹ A circular economy is therefore a major step towards achieving the goals of the Climate Agreement and the Biodiversity Convention.
- Circularity results in more conscious and efficient use of raw materials, materials and products. That makes a circular economy crucial to the security of supply of increasingly scarce raw materials.

In practice, government and banks see that there's not yet enough finance for and investment in circular business models to enable the Netherlands to realise its ambitions. This is partly due to the following:

- The cost price of a linear product is often lower, because that price does not reflect the social costs in terms of the physical and living environment.
- Raw material prices for non-circular materials are often lower and the labour component is often higher in circular business models.

Government and banks are part of the Financing Circular Economy working group. Government also affirms the importance of collaboration in this transition network. This collaboration illustrates what will be needed to make progress in the years ahead. The Netherlands can only realise its ambitions through joint efforts.

¹ [Integral Circular Economy Report 2023 \(pbl.nl\)](https://pbl.nl/en/publications/integral-circular-economy-report-2023)

What is government asking the banking industry to do?

- 1** Make circularity an integral part of the assessment of financing applications and investment decisions for business customers by 2030.
- 2** Develop more (transition-oriented) finance instruments that promote circular transactions.
- 3** Examine whether existing 'linear' risk models can be modified or, if necessary, develop new risk models that take explicit account of circular value.
- 4** Define clear circular metrics that align with the applicable guidelines and legislation.
- 5** Ensure staff acquire knowledge about circular finance.
- 6** Set an example in procurement procedures.

What is the banking industry asking the government to do?

- 1** Create a level playing field for circular businesses vis-à-vis linear businesses by means of pricing and standards.
- 2** Besides grants, provide government funding and guarantees.
- 3** Explore the scope for making agreements at European and national level on shifting the tax burden from labour to material inputs. (Ex'tax)
- 4** Proactively seek out and remove impediments to circular business in legislation.
- 5** Take a balanced and integrated approach to addressing the specific transition challenges: the energy and the resource transition.
- 6** Set an example in procurement procedures.

In order to accelerate the development to a circular economy and contribute to the position of circular businesses, government and banks today declare their intention to strengthen their cooperation. Consultations between government and the financial sector will from now on take place at least once a year to take stock of progress towards a circular economy and provide support and funds where they are needed to drive forward this process.

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