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**Our reference**  
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**Annex(es)**  
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Date

Subject Government-wide programme for a Circular Economy

Dear Madam Speaker,

We are honoured to present to you, on behalf of the Minister for Foreign Trade and Development Cooperation and the Minister for Housing and the Central Government Sector, the Government-wide programme for a Circular Economy: a circular economy in the Netherlands by 2050.

**Our ambition: a circular economy in the Netherlands by 2050**

Our society lives on what the earth gives us: we use its natural resources to provide food, shelter, heating, clothing, electrical equipment and mobility. The need for raw materials from these natural resources is continually increasing. By 2050, the earth is expected to have more than nine billion people that will need sufficient supplies of food and water. All of them want to live in prosperity. To make this possible, we must look ahead and take action. Now is the time for a circular economy.

In recent years, the business community has taken bold steps, often supported by government, to ensure that we use scarce raw materials more effectively, more intelligently and more profitably. In this letter, you will find inspiring examples of this effort. The first piece of the circle has therefore already been put in place. Yet our shared ambition goes way beyond these initial steps.

In the Government-wide programme, the Cabinet of Ministers outlines a vision of a future-proof, sustainable economy and a liveable earth for future generations. In concrete terms, this means that raw materials will be used efficiently and recycled in an optimal fashion. It means that raw materials will be obtained in a sustainable manner. It also means that fewer raw materials will be needed because we will develop more efficient products and services. And that deterioration of the natural environment, the living environment and public health will be prevented as much as possible.

The ambition of the Cabinet is to realise, together with a variety of stakeholders, an (interim) objective of a 50% reduction in the use of primary raw materials (from minerals, fossils and metals) by 2030. With this objective for the use of raw materials, the Netherlands sets its ambitions at a level adopted in comparable

countries<sup>1</sup>. We are therefore not alone in this effort and we are already on our way.

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It is necessary to accelerate the transition to a circular economy that has already been initiated. The Social and Economic Council of the Netherlands (*Sociaal Economische Raad* - SER)<sup>2</sup> and the Council for the Environment and Infrastructure (*Raad voor de Leefomgeving en Infrastructuur* - Rli)<sup>3</sup> endorse this view. In their advisory reports, they stress the urgency of steering our economy in the direction of a circular economy and the importance of a Government-wide programme to realise this. To promote this acceleration, the Cabinet is taking the initiative with a variety of stakeholders to reach an agreement on circular economy before the year's end. The agreement on circular economy will then be developed, together with the relevant businesses and other societal stakeholders, in a transition agenda for each priority, in accordance with the SER recommendations. The objective is to complete these transition agendas before the summer. In this way, the Cabinet will meet the request of the House of Representatives to reach an agreement on circular economy (*grondstoffenakkoord*).<sup>4</sup>

Through this letter and the Government-wide programme, we are implementing the Çegerek/Remco Dijkstra motion<sup>5</sup> that requested the Cabinet to come up with an overall programme for the circular economy. A number of other motions are also being implemented through the programme. They have been included in Annex 2.

### **A circular economy in the Netherlands by 2050. What will this require?**

#### *An agreement on circular economy that garners broad support*

With the Government-wide programme the Cabinet envisages to reach an agreement on circular economy. In this agreement on circular economy, the Cabinet wants to share the ambitions that have been recorded in the Government-wide programme with a variety of stakeholders and broadly explore the bottlenecks that impede them, including the interim objective for 2030, and the solutions to overcome these obstacles.

#### *No throwaway mentality*

To reduce the pressure placed on our valuable raw materials, it is essential that products are designed for long-term use, with a view to limiting the loss in value as much as possible. This will require a change in culture because currently many products cannot be reused and are sometimes even purposely designed to be discarded in the short term.

#### *A circular economy requires creativity*

In the circular economy, companies do not always sell their products. Instead, they provide an intelligent service. For example, Philips often remains the owner of extremely efficient lighting systems. The user only pays for the light.

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<sup>1</sup> European Environment Agency: More from less – material resource efficiency in Europe, 2016.

<sup>2</sup> SER, *Werken aan een circulaire economie: geen tijd te verliezen* [Working towards a circular economy: no time to lose], 2016.

<sup>3</sup> RLI, *Circulaire economie: van wens naar uitvoering* [Circular economy: from wish to implementation], 2015.

<sup>4</sup> Van Veldhoven/Çegerek motion, Parliamentary documents II, 34 300XII, no. 37.

<sup>5</sup> Parliamentary documents II, 34 300 XII no. 27.

***Circular thinking? Philips Lighting has looked into it.***

*Lighting is responsible for a large part of electricity consumption and CO<sub>2</sub> emissions. In 2014, the supply of lighting still accounted for 15% of the world's power consumption. Philips Lighting aims to contribute to achieving the United Nations' ambition of reducing this to 8% by 2030. The new, intelligent LED lighting, for instance, uses 80% less power. Philips is also offering "Circular Lighting". Clients no longer invest in light bulbs and maintenance, but pay only for the light. This saves both energy and materials.*

*Sharing is saving*

Consumers are also increasingly sharing products with one another. And increasing numbers of initiatives are being launched to hire or borrow products for the short term. For example, an initiative such as *Peerby*, through which neighbours can borrow tools from one another.

**The circular economy is on the way**

When it comes to the circular economy, the future began some time ago. There is already a solid foundation for it in the Netherlands. The Government-wide programme is building on the programme called From Waste to Raw Material (*Van Afval Naar Grondstof - VANG*) and the Biomass Vision 2030 (*Visie Biomassa 2030*<sup>6</sup>). We already have a Value Chain Agreement for Plastic Recycling (*Ketenakkoord Kunststof Kringloop*<sup>7</sup>), the Green Deal Sustainable Concrete Chain (*Green Deal Verduurzaming Betonketen*) has been completed, and substantially less non-recyclable residual waste is taken to the waste incineration plants. Through the Green Deal approach, thousands of homes and companies have already been made more energy efficient, and transport has become cleaner. The recycling of plastic packaging has nearly doubled in six years. The Dutch clothing brand G-Star Raw has been using recycled materials to make denim since 2008. In 2014, 82% of paper and cardboard was recycled and 94% of metal was recycled, well above the European and national targets. Furthermore, many municipalities are actively engaged in the "100-100-100" project, which has achieved a spectacular reduction in waste.<sup>8</sup>

***G-Star Raw makes denim jeans from ocean plastic.***

*The Dutch clothing giant G-Star Raw has used recycled materials for denim since 2008. In 2014 they took a step forward and launched their "Raw for the Oceans" collection, which comprises processed plastic from bottles washed ashore. American singer and producer Pharrell Williams is one of the major partners in the company. With Williams' company Bionic Yarn and the conservationists of Parley for the Oceans, G-Star developed a clothing line made from different types of threads, containing 33% to 61% of recycled plastic.*

Much has also been launched in the area of the biobased economy: Dutch companies are leading the way internationally in converting biomass into high-quality products such as bioplastics, and Grolsch operates one of the world's most environmentally friendly breweries in Enschede.

In short, in recent years businesses have taken positive steps, often with the

<sup>6</sup> Parliamentary documents II, 33 043, no. 63.

<sup>7</sup> [www.kunststofkringloop.nl](http://www.kunststofkringloop.nl)

<sup>8</sup> [www.100-100-100.nl](http://www.100-100-100.nl)

support of government, towards handling scarce raw materials in a more efficient, intelligent and profitable manner. Consumers are also doing their part in this effort. The policy of reducing the use of free plastic bags has been a great success. Surveys show that 80% of people questioned said that they now often or always take their own shopping bag with them to the shops. This cuts back on throwaway behaviour.

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But this is only the start – particularly in view of the fact that the circular economy can provide our country with so many opportunities.

### **The Circular Economy provides the Netherlands, a country of innovations, with plenty of opportunities**

#### *Opportunities for the economy*

A circular economy provides great opportunities to companies, both large companies and small and medium-sized enterprises. Increasing numbers of innovative Dutch companies are taking advantage of these future prospects by marketing their circular products and services worldwide. The Netherlands Organisation for Applied Scientific Research (TNO) has explored what the benefits could be of having a more circular economy in the Netherlands. According to their calculations, the circular economy could generate an additional annual turnover of € 7.3 billion within the sectors involved, accounting for up to 54,000 jobs.<sup>9</sup> The use of raw materials can be reduced by 100 megatons. This is equal to one-quarter of our annual import of raw materials.

#### *A circular economy in the Netherlands by 2050 will reduce CO<sub>2</sub> emissions*

As a result of the Paris climate agreement, the emission of greenhouse gases in the Netherlands must be sharply reduced. The circular economy offers substantial opportunities to reduce these CO<sub>2</sub> emissions<sup>10</sup>. Greater efficiency in raw material and material chains can save 17 megatons of CO<sub>2</sub> equivalents annually<sup>11</sup>. Nearly 10% of our annual production of CO<sub>2</sub>. The Cabinet is now considering whether the Netherlands should extend the efforts aimed at CO<sub>2</sub> reduction to include raw materials and the agricultural sector, amongst others, for the period following 2020. The Cabinet will inform Parliament about this subject early 2017.

### **A worldwide challenge**

The number of Dutch initiatives launched to pave the way to a circular economy has taken off. But on our own we will get nowhere. After all, many material and product chains are organised internationally. So it is important that bold steps are also being taken worldwide to move us towards a circular economy.

Under the Dutch EU Presidency, the EU member states have already expressed their support for ambitious measures to create a circular economy in Europe<sup>12</sup>, measures such as the sustainable extraction of raw materials, more durable products, sustainable design, less plastic waste, less food loss and waste, and

<sup>9</sup> TNO, *Kansen voor een circulaire economie in Nederland* [Opportunities for a circular economy in the Netherlands], 2013.

<sup>10</sup> Ecofys and Circle Economy, *Implementing a Circular Economy globally makes the Paris targets achievable*, 2016.

<sup>11</sup> See road maps for Multi-year Agreements on Energy Efficiency.

<sup>12</sup> EU action programme for a Circular Economy, published by the European Commission on 2 December 2015 and the Council conclusions in the Environment Council and Agriculture Council of June 2016.

room for trying out circular initiatives via Innovation Deals.

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An approach at the European level will also provide a level playing field. And the Dutch business community will have the opportunity to capitalise on its current frontrunner's position.

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At the global level, agreements have been reached that have been written down in the *Sustainable Development Goals* (SDGs). These address areas such as the objective to halve worldwide food waste, sustainable production and consumption patterns, the battle against poverty, human rights, the sustainable use of natural capital, and waste reduction, including the battle against litter in our oceans (plastic soup).

The Cabinet aims to have an overview by autumn of how the Netherlands can meet its responsibility with respect to SDGs in concrete terms.

***The Ocean Cleanup removes the plastic from the waves.***

*The Ocean Cleanup was founded in 2013 by the young entrepreneur Boyan Slat. He found a way to retrieve plastic waste from our seas and oceans on a large scale. With considerable financial support from the national government, The Ocean Cleanup was able to place a clean-up system in the North Sea this summer some 23 kilometres off the coast of Scheveningen. If the trial run is successful, barriers 100 kilometres long will be placed in the Pacific Ocean to catch the plastic. Over a span of 10 years, this system will remove roughly half of the plastic soup in that part of the ocean.*

**Strategic objectives to support ambitions for a circular economy**

To accelerate the transition of the current Dutch economy into a circular economy, we have formulated three strategic objectives in the Government-wide programme:

- 1 Raw materials in existing supply chains must be used in a high-quality manner. This gain in efficiency can lead to a reduced need for raw materials in existing chains.
- 2 In case new raw materials are necessary, fossil-based, critical and non-sustainably produced raw materials must be replaced by sustainably produced, renewable and generally available raw materials. In this way, we make our economy not only more future-proof, but also less dependent on fossil sources and the import of these resources. We also retain our natural capital as a result.
- 3 We must develop new production methods, design new products, and re-structure sectors. We must also promote new ways of consumption. This leads to other chains that give additional impetus to the desired reduction, replacement and utilisation.

In the construction industry, for example, nearly all building and demolition waste is reused by processing it into filler material in ground work, road construction and waterway construction, rather than being reused in a high-quality manner. It presents a challenge for the near future. We have observed, however, that increasingly more products such as bridges are being made from biocomposites. And the limits of 3-D printing are not yet in sight. This technological and digital revolution is also producing innovative products and resulting in a reduced use of raw materials.

**Black Bear is getting its teeth into old tyres.**

*By recycling carbon black from car tyres, Black Bear is reducing the mountain of discarded car tyres, currently numbering some 2 billion a year. These tyres are still often burnt, thus releasing a high volume of CO<sub>2</sub> into the atmosphere, or they end up on the rubbish dump. In Africa they are a source of malaria because a layer of water collects in the tyres, allowing mosquitos to thrive. Carbon black can be used for the production of new tyres, paint or ink. During the Black Bear production process, much less CO<sub>2</sub> is emitted and oil and gas are released as by-products. This initiative was capital-intensive and therefore received the support of government in order to launch.*

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**A circular economy in the Netherlands by 2050. A society-wide effort.**

The desired transition to a circular economy requires measures in all phases of the use of raw materials. From extraction and production to consumption and waste management. The active involvement and efforts of companies, scientific institutes, financiers, non-governmental organisations, governments and consumers are therefore indispensable.

We need technological innovations, but also social and economic innovations. The challenges faced in the circular economy cut across business sectors and various scale levels. The design of a product, for example, should take into account the period following its use. All parties need each other. It is therefore important that public and private parties search for ways to implement technological, social and system innovations from a shared vision. In their own chain, as well as cross-sectorally between companies, scientific institutes and NGOs at local, regional, national and international levels. Step by step.

This collective transition requires a government that presents itself as more than the market regulator. When necessary, the government will also serve as a director to steer a course, to monitor progress and interconnectivity with other policies, and to deploy effective instruments it has available, such as legislation and funding. The government will also serve as a network partner in the implementation and actively collaborate with stakeholders in product chains, in sectors and at various scale levels.

**Time for transition. The focus on five priorities.**

The agreement on circular economy will be the basis for transition agendas. The transition agendas require effort on the part of all stakeholders involved. Together, we will focus on five priorities: Biomass and Food, Manufacturing, Plastics, Construction, and Consumer Goods. These priorities have a relatively large economic impact, involve considerable environmental pressure, offer opportunities through the efforts already initiated by a variety of stakeholders, and fit in well with the priorities of the European Commission. These transition agendas will be established before the summer of 2017. In the Government-wide programme, we subsequently outline the interventions that the Cabinet envisages to bring the final objectives closer to realisation through these transition agendas.

**Interventions**

When drawing up the transition agendas, the Cabinet will focus its efforts specifically on the following points.

## 1. Fostering legislation and regulations

*Smart regulation. Anticipating social needs faster and better*

Laws and regulations can foster a circular economy, but they can also hamper it unintentionally. At the national level, we are already making use of the room offered by the Crisis and Recovery Act (*Crisis- en herstelwet*) and the room for manoeuvre that is offered by the Environmental Planning Act (*Omgevingswet*). The Smart Regulation programme (*Ruimte in Regels*) supports entrepreneurs by removing concrete obstacles and tracking down and addressing structural barriers. Up to now, more than 80 barriers have been removed, enabling companies to run their business in a more circular fashion. For example, milk cartons can now be reused more easily, it has been made more appealing to overhaul old ship engines instead of junking them, and local power networks can now more easily be made commercially profitable. In the period running up to 2020, the Cabinet is striving to remove at least another 80 barriers.

*But the government is doing more to give the circular economy plenty of room to manoeuvre*

The Cabinet will create more room to experiment in order to support circular economic initiatives. This can also be done in physical terms. The Energy Centre of the Netherlands (ECN) has in this way, via the permit, been given the space to test the innovative developments of others on its own terrain.

The National Waste Management Plan (*Landelijk Afvalbeheerplan - LAP*) provides the frameworks for granting permits for handling waste, such as how to deal with the import of recyclable waste. In the future, we want to be more flexible in amending the LAP so that we can more quickly anticipate the changes that the transition to a circular economy requires.

The removal of barriers and providing the room in legislation to benefit a circular economy fits in well with the Cabinet's policy to design future-proof legislation that makes it possible to innovate and to tie in with initiatives in our society.<sup>13</sup>

There are still many unused opportunities to recover so-called nutrients such as phosphate from waste flows like manure, wastewater and sewage sludge. By adapting European rules, which the Netherlands promoted during its Presidency of the EU, these recovered raw materials can be used again, for example in fertiliser, in the future.

### ***FrieslandCampina turns manure into a green motor.***

*The Dutch Biorefinery Cluster and FrieslandCampina, along with its dairy farmers, are carrying out the "Manure, the Green Motor" (Mest de Groene Motor) project. Processing cow manure entirely into biofuels, artificial fertiliser replacements, recycled foodstuffs and biochemicals for the chemical industry. This creates a large cycle, ranging from pet food to raw materials recycled from cow manure. The Dutch Biorefinery Cluster states that the growing manure surplus is a valuable resource. That is why it is being transformed from an expensive waste flow into a profitable product.*

<sup>13</sup> See also the letter to Parliament "Working on future-proof legislation and a future-proof legislative process" of 6 July 2016, Parliamentary documents I, 33 009, no. 30, no. E, Parliamentary documents II, 33 009, no. 30.

*A vision for circular economy product design. The responsibility of producers.*  
Many products are currently designed in a manner that makes them difficult to repair or recycle. The Cabinet wants to continue the CIRCO initiative<sup>14</sup> that is contained in the VANG project in 2017. We will tie this to the priorities of the Government-wide programme. Interaction with scientists and students will help entrepreneurs and designers in the development of new circular economy products, services and business models.

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The European Ecodesign directive still insufficiently considers the possibilities for recycling or repairing products. This is also the conclusion drawn by Europe and so the directive will be amended. Together with other member states, the Netherlands will investigate how this European approach can be supported and accelerated. We will also explore how we can further expand the already existing producer responsibility with respect to cars, tyres, electronics and packaging. The Cabinet is considering reaching agreements on the amount of recycled or biobased materials. The Cabinet stimulates an integral approach throughout the chain for a number of priority waste streams, such as mattresses, diapers and textiles, focused on the development of a sustainable business case. The introduction of producer responsibility (such as taking back discarded products) is considered as a potential instrument.

***Auping Take Back System. A great example of circular thinking.***

*Each year in our country more than 1.2 million mattresses are thrown out as bulk waste. The majority of them disappear into the incineration oven. If you stacked them on top of each other, the pile would be 1,000 times higher than the Eiffel Tower. Koninklijke Auping bv has adopted a different approach with their Take Back System. This enables maximum recycling of their old mattresses. The springs are melted down to make new steel. The latex and polyether are processed into various products, including underlay and judo mats. The majority of an old mattress thus becomes a secondary raw material for a new product. And the owners of the beds are assured that their mattress will not end up on the landfill or disappear into the incineration oven.*

The business community will be challenged to come up with an ambitious circular economy road map within the framework of the recently concluded ICSR covenant for Sustainable Clothing and Textiles.

*We promote circular business models*

An economy that uses fewer raw materials can still provide what consumers want or even more. Consider Spotify: listening to music anywhere you want without CDs. There is also an ever-growing range of *apps* available that make short-term renting and sharing of products easier. By selling certain products as a service instead of owning them, or by purchasing services instead of products, such as the *pay-per-lux* service of Philips, we need fewer products and materials.

Existing regulations are not always tailored to the new relationships between the supply side and the demand side of products and services. The Cabinet wants to provide greater clarity with respect to tax law and liability by analysing existing examples. Based on the outcomes, it will determine whether the revision of

<sup>14</sup> CIRCO, creating business through circular design, is a support programme of the national government initiated by CLICK.NL, the Top Consortium for Knowledge and Innovation of the creative industry and the academic Industrial Design programmes in the Netherlands.

regulations is necessary and desirable.

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*We promote recycling and reuse*

The (European) framework for the concepts of waste, by-product and end-of-waste status, in practice, leads to considerable (legal) uncertainty. The Netherlands wants to clarify this framework in order to promote reuse and recycling and, at the same time, further reduce the amount of dangerous substances in the cycle. One example of this is making asbestos fibres harmless, which means that cleaned waste can be reused as building material.

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This touches on the debate surrounding the REACH regulations and the EU Waste Framework Directive, for example, the discussion on recycling or burning casings with PVC that contain lead. In the revision of REACH in 2018, we want to focus on recycling; in cases in which it is not harmful of course.

The Cabinet also wants to expand the very promising *North Sea Resources Roundabout* approach to other secondary raw materials and to other countries. Innovative companies will enter into a dialogue with implementing agencies and inspectorates about the cross-border transport of recycled products and materials ("dialogue on enforcement"<sup>15</sup>).

The commitment of the Cabinet is to allow less clean waste wood ("B-wood") to be used as fuel in some SDE+ categories (SDE = Stimulating Sustainable Energy Production). This will possibly reduce the amount of fresh wood and clean waste wood ("A-wood") that is used to generate energy (which will then become available for alternative uses). This issue is currently being studied. Important preconditions are that the current environmental requirements are met and that the efforts will not hamper the achievement of the targets for renewable energy and wood recycling.

Considerable amounts of unrecyclable waste still find their way unsorted into the waste incineration plants. The Cabinet will investigate how valuable waste flows can be profitably and more efficiently reclaimed from household waste from abroad and commercial waste that is still being incinerated in the Netherlands.

The Cabinet also wants to increase the use of recycled or biobased material. ReBlend, which brings textiles back into the economy, is a good example.

***Breaking the vicious textile cycle? ReBlend turns it into profit.***  
*Textile production has a large adverse impact on the environment. Many clothes are thrown away, usually before they are worn out. In collaboration with designers, producers and labels, the Dutch company ReBlend has developed thread made from 100% recycled textile. By using this to make clothing and furniture fabric, they hope to break the vicious textile cycle. ReBlend processes the discarded textile in a clever process that does not require water or additional chemicals.*

To achieve our objectives for a circular economy, we prefer to take steps within the framework of the jointly developed transition agendas. However, the Cabinet

<sup>15</sup> Term derived from the advisory report of the Dutch Sustainable Biomass Committee (Corbey Committee: Sustainability criteria post-2020 ([www.corbey.nl](http://www.corbey.nl)))

does not exclude the possibility of making a certain percentage of recycled or biobased material in products mandatory, if need be and if effective, and preferably in a European context. This could be the case, for example, if consultations with the stakeholders throughout the chain show that the goals cannot be achieved according to schedule.

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The Cabinet is focused on reaching agreements on this with neighbouring countries in order to ensure that the markets for these products become large enough.

The Cabinet is developing a set of instruments to phase out certain products or components that have an adverse impact on the environment, especially when there are good alternatives available. The Cabinet is specifically thinking of superfluous or non-recyclable multilayer packaging such as crisps and soup packets. Of course, alternatives must meet the same primary requirements, such as preventing food decay. The Cabinet will continue discussions with producers and retailers to reduce the use of non-sustainable products, such as promotional products or disposable tableware. There are, after all, sufficient alternatives that are made from renewable raw materials. The set of instruments outlined in the Government-wide programme can be used in these efforts.

## **2. Intelligent market incentives**

### *Positive effects in the market prices of circular products*

The transition to a circular economy sometimes requires radical innovations, and system and behavioural changes. The positive effects that this has on the environment are often not reflected in the market price. This leads to a significantly higher investment risk. Intervention by the government can counteract social underinvestment and stimulate the market for recycled material. In both the recommendations of the Social and Economic Council of the Netherlands (SER) and the European Council conclusions, it is indicated that there are possibilities to tailor the current set of instruments of tax law, levies and subsidies to facilitate the transition to a circular economy.<sup>16</sup> The SER has indicated that it wishes to be involved in this. The Cabinet is looking forward to the SER's initiative on this point.

### *The government will shift to more circular procurement*

A circular economy requires the government to change its purchasing behaviour. The Cabinet wants greater attention to be given to a product's environmental performance and social costs during and after the life of a product to be purchased: the so-called total costs of ownership. The Cabinet is going to promote this by engaging in circular procurement in its capacity as the government. This will create and expand new markets for sustainable and circular products and services. In the letter on Socially Responsible Purchasing<sup>17</sup> that was sent to the House of Representatives on 7 July 2016, this is discussed in detail, as is the goal of circular procurement accounting for a 10% share by 2020. In providing impetus to circular procurement, we can make use of the knowledge and experience gained in recent years in the innovation-oriented procurement programme. In

<sup>16</sup> The Cabinet bases its choices with respect to these "market incentives" on a number of criteria: effectiveness and cost-efficiency compared with alternative measures, the effects on employment, feasibility, and the solidity of the results. The assessment framework for tax expenditures applies to the consideration of tax expenditures.

<sup>17</sup> Parliamentary documents II, 30 196, no. 466.

addition to the public sector, the private sector can of course also set a good example in this area.

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Through the innovative tendering of waste management contracts, sorting and processing systems can be brought to a higher level of performance. For example, waste sorting companies were successfully challenged in 2015 to sort up to 90% of plastics instead of 50%. The Cabinet will encourage municipal governments and waste collectors to pay more attention on this.

### **3. Financing**

#### *Private sector finances the transition*

Private funding of circular developments clearly shows support for the ambitions that government has set forth. The Cabinet is delighted that private financiers, such as the three large Dutch banks (ABN-AMRO, RABO and ING), have issued a joint statement underscoring the importance of circular entrepreneurship<sup>18</sup>. And that the Green Deal Financing on sustainable energy projects has launched a common expertise centre of the government, large banks and green banks. They will ascertain what else is necessary to increase the knowledge of financial products and risk management in view of the circular economy. The Cabinet will enter into a dialogue with private financiers about what is necessary and how the national government can support it.

Before the end of the current government term, the Cabinet intends to take decisions to further stimulate investments in the Netherlands. The Ministry of Economic Affairs, the Netherlands Investment Agency, and the BNG-Bank are separately investigating the feasibility of an Energy Transition Financing Facility. This facility would be focused on boosting and realising economically and technologically sound projects that are currently difficult to finance. These can also be circular projects. The pilot project is expected to be rolled out before the end of the year.

The first commercial biobased factories have already been announced. In order to realise a sound investment in sectors such as the sugar chemical industry, wood refining, and pyrolysis, the Ministry of Economic Affairs is looking into the possibilities to support companies with operations in these areas.

#### *European (co)financing*

The European structural funds and the resources from the so-called Juncker Fund (European Funds for Structural Investments, EFSI) offer opportunities for Dutch companies and governments to fund circular innovations and investments.

### **4. Knowledge and innovation**

#### *Knowledge is crucial to develop a circular economy*

With regard to the transition to a circular economy, many questions remain unanswered, which creates uncertainty. This is delaying and hindering investments in necessary innovations. It is therefore important for stakeholders to have easy access to the knowledge infrastructure with the aim of placing the relevant issues on the research agendas. This is why the Cabinet, in addition to setting down a Government-wide knowledge and innovation agenda in 2017 in collaboration with scientific institutes and other partners throughout the chain, also wants to enhance the overall attention given to the circular economy in relevant parts of

<sup>18</sup> CSR Netherlands, January 2016, [www.mvonederland.nl](http://www.mvonederland.nl)

the Dutch National Research Agenda (*Nationale Wetenschapsagenda* - NWA)<sup>19</sup> as well as in the different top sectors in the innovation policy. The business community, knowledge institutes, and the relevant policy departments will explore the possibility of developing a number of circular roadmaps and earmark the required funds.

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Within the EU budget for R&D (Horizon 2020), an amount of 650 million euros has been reserved for the years 2016-2017 for projects focused on the circular economy. The Netherlands is already making good use of this. For the period 2018-2020, the European Commission intends to set aside a comparable amount (up to a total of approx. € 1 billion). The Cabinet is committed to the maximum use of Horizon 2020 by Dutch companies. Small and medium-sized companies are playing an important role in this and should be able to profit from the available resources as well.

#### *Circular knowledge must be shared*

For the necessary dissemination of knowledge – in addition to the use of existing and new platforms and networks – we are working on the introduction of various instruments, such as the raw materials tool, which companies can use to map out their use of critical raw materials. This is important to gain insight into the risks for supply security and the need for alternatives (through the use of natural or biobased solutions, inter alia). Statistics Netherlands (CBS) and the National Institute for Public Health and the Environment (RIVM) provide the necessary data (with the natural capital accounts and Natural Capital Atlas). Finally, a knowledge bank will be launched in accordance with the motion submitted by Çegerek/Remco Dijkstra<sup>20</sup>.

#### *We are seeking an affiliation with vocational education*

The networks for the development and transfer of knowledge set up within the current VANG programme with the rubber and plastics sector and the metal sector will be continued in 2017. The supporting KIEM-VANG scheme [Knowledge Innovation Mapping (KIEM) - From Waste to Raw Material (VANG)] will also be continued in 2017 with which low-threshold research questions can be addressed and taken up by research and knowledge institutions.

#### **Repurpose "keep what's good".**

*A former Shell office in The Hague is being transformed from office space into 240 luxury apartments. On 12 March 2016, construction for the project began with the motto 'keep what's good'. In the project, the shell of the high-rise building, the basement and the parking garage will be reused. Materials such as door-springs, lamps, windowsills and carpet tiles will be given a new function in the converted complex or in other buildings. According to the project's engineering firm, Repurpose, this reuse will provide more than simply cost savings; using old material in a new function will also keep the history of the building alive, and can reduce environmental damage by 80% in new building (according to LCA).*

<sup>19</sup> Routes being developed under the Dutch National Research Agenda include *Smart Industry, Circular Economy and raw materials: sustainable circular impact*, and *Materials – Made in Holland* ([www.wetenschapsagenda.nl](http://www.wetenschapsagenda.nl)).

<sup>20</sup> Parliamentary documents II, 34 300 XII, no. 28

## 5. International cooperation

*Holland Circular Hotspot. Circular hotspot of the Netherlands in the world.*

In an international context, attention will be given to the export of recyclable waste and to the risk of negative impacts for low-income countries.

Internationally, the Netherlands supports the application of the *Natural Capital Protocol*<sup>21</sup> via the World Bank/International Finance Corporation (IFC) by businesses and the use of natural capital accounts by governments.

ICSR covenants, such as those for clothing and textiles, and the covenants being prepared for electronics and metals offer the possibility to include circular economy roadmaps. Accordingly, the introduction of a more circular economy in urbanised deltas will also be explored, focused on strengthening local economic developments. At the same time, impact studies will be initiated at an early stage to map out how policy options aimed at a circular economy will impact global sustainable developments and low-income countries. This will enhance policy coherence and synergy and enable prevention or mitigation of any future negative impacts.

The Cabinet wants to contribute to creating the proper international conditions for the transition to a circular economy. Towards this end, a platform called *Holland Circular Hotspot* will be set up. Within this platform, the Cabinet will invest in international partnerships. The Cabinet will also take the initiative of concluding more international Green Deals and covenants. Incoming and outgoing trade missions will also be supported.

### **Making sustainable options more attractive**

The circular economy affects all of us. Many Dutch residents think we can live more sustainably and would like to do their part to achieve this, particularly if they know what they can do, if it is easy to achieve, if it will benefit them, and if it will lead to visible results.

The Cabinet wants to make it easier for people to contribute to the transition, and also encourage them to use products longer and to exercise care in disposing of discarded products and materials, both at home and at work, at school or in transit. This will also benefit a person's wallet. For example, municipalities currently use different collection systems for household waste. These different systems have varying effects on the reduction of non-recyclable waste and the behaviour of consumers to separate waste. One municipality picks up plastic packaging waste separately, another combines this with the pickup of tins and milk or juice cartons. In addition, the waste collection systems for households differ from those in place for, e.g., shops, offices and sports clubs. This is why the Cabinet has the ambition, together with municipal governments, to promote the wide introduction of innovative collection and return systems, such as "reverse collection" and "Diftar"<sup>22</sup>. The Cabinet will endeavour to lift the best results to the status of being the standard to meet ("if it can be achieved somewhere else, it can

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<sup>21</sup> [www.naturalcapitalcoalition.org/protocol](http://www.naturalcapitalcoalition.org/protocol)

<sup>22</sup> **Reverse collection:** collection system in which reusable materials are collected at home and non-recyclable waste is taken to a central collection point.  
**Diftar:** differentiated rates according to which the amount of waste each household produces is registered; the more waste a resident offers for collection, the higher the waste collection charge will be.

be achieved here too"). Within this, subsequent separation may also be option.

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### **Implementation of the programme**

The Board of the Packaging Waste Fund Foundation (*Stichting Afvalfonds*) has published a report on its activities up to the present (Annex 3). The Packaging Waste Fund Foundation will use the remaining resources in the fund for projects aimed at promoting the separate collection of waste and the recycling of packaging, making the packaging chain more sustainable, and reducing litter. The Cabinet applauds this because, in its view, these efforts make a substantial contribution to achieving the goals set for the plastics and consumer goods priorities. Additional agreements will be reached by municipal governments, the packaging industry, and the Ministry of Infrastructure and the Environment. Programmes will be set up, inter alia, to further increase the collection of glass and, as mentioned early, to realise more effective and uniform waste collection in collaboration with municipalities – and to communicate this clearly. A number of municipalities have demonstrated that very good results can be achieved. This reinforcement is expected to induce the other and certainly the large municipalities to accelerate their efforts in order to achieve better results. The resources of the Packaging Waste Fund Foundation thus contribute to realising the ambition set out in this letter.

**Date**

Once a year, you will receive a progress report from the Government-wide programme on the Circular Economy in which the Cabinet will give information regarding the implementation of the actions and the progress of the transition. The knowledge bank mentioned earlier contributes to the development of indicators and evaluation moments to gain insight into the progress of the transition.

### **The circular economy. The Netherlands is ready for it**

The circular economy affects all of us. Increasing numbers of Dutch people are ready to embrace it. We want to be able to live in a more sustainable manner and all of us would like to do our part to achieve this. Yet it helps if people and businesses to know what they can do. If the efforts will produce benefits and lead to visible results. And if doing their part is made as easy and as appealing as possible for them.

If we all roll up our sleeves, residents, businesses, and governments alike, and commit ourselves to our circular economy, we can achieve our goal.

Yours faithfully,

The Minister for the Environment

The Minister of Economic Affairs

Sharon A.M. Dijkema

H.G.J. Kamp