

**Dr Werner Hoyer
President of the European Investment Bank**

**Opening Remarks
(~15 min)**

**Circular Economy Conference
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European Investment Bank**

Check Against Delivery
Seul le texte prononcé fait foi
Es gilt das gesprochene Wort

Prime Minister,

Commissioner [Karmenu] Vella

State secretary, [Francine Closener]

MEP Claude Turmes,

Ladies and gentlemen,

I would like to thank the Luxembourg Presidency of the Council and the European Commission for giving the European Investment Bank the opportunity to host this conference.

I also want to thank them for inviting me to speak here today, on a topic I consider extremely important for the future of the European Union and for our future as a civilisation.

Transitioning to a circular economy entails decoupling economic growth and social well-being from resource consumption, and this is undoubtedly one of the most daunting tasks that humankind will have to accomplish in the future.

It comes as no surprise that discussions at the U.N. climate change conference in Paris, where I was last week, revolved around the role of Circular Economy, which can be an effective

and important solution for the global warming challenge we are faced with.

Representatives of 195 countries have been working day and night in the last weeks to craft a deal – hopefully in the next days and hours – for such a historic agreement on how to tackle climate change.

Why is the Circular Economy so important?

Well, according to the OECD, the amount of materials extracted from natural resources and consumed worldwide has doubled since 1980, and is ten times more than in 1900.

By 2050, the world's population is expected to exceed 9.5 billion while the global economy is forecast to quadruple. Of course there are many assumptions in these scenarios but it is obvious that our Earth will be unable to provide the natural resources needed if our current growth trajectory and consumption patterns persist.

So we must start accepting and coping with the idea that the Earth's biophysical resources are limited. This means we have to deploy resources more efficiently, smarter and be innovative and open in taking new ideas forwards.

Circular Economy is one of them and gives us many answers about conserving natural resources and acting against climate change.

And there is also a clear business case ! even if it is hardly visible today, Circular Economy is an opportunity for growth and could easily create up to 100,000 new jobs in the next five years—and two million by 2030.

So if we deploy Circular Economy to the right extent and invest seriously, we can have economic growth without increased consumption of resources.

One of the fathers of modern chemistry, Antoine Lavoisier, said *“Rien ne se perd, rien ne se crée, tout se transforme.”*

We have proven our ingenuity by designing increasingly sophisticated ways of mining and drilling. It is time to shift into the next gear. Circular Economy is a change that puts us on the verge of the next Industrial Revolution.

Ladies and gentlemen,

The Luxembourg Presidency and the European Commission have understood tomorrow’s imperatives and have initiated

significant measures that I hope will mark a turning point in this respect. A friendly regulatory environment that encourages corporations to think creatively about the Circular Economy is already being created.

I am very glad to say that the EIB, as the world's largest climate-action lender, has already co-financed Circular Economy projects worth about 15 billion euros (\$16 billion) in the last 10 years, mainly in Europe.

For example, the EIB financed a Polish container-board plant for Stora Enso, a Finnish pulp and paper manufacturer.

Stora Enso's use of recycled fibre led to higher waste collection in nearby regions and to higher production at the plant—a circular process of growth for Stora Enso and also for the collection companies.

Other examples include financing recycling plants for electronic and titanium scrap – “ first-of-a-kind” in the industry. We have started the due diligence of a number of similar investments that will significantly reduce the consumption of primary resources.

The EIB's Advisory Services carried out a study on the role of finance in supporting circular economy transitions:

More needs to be done to engage the amounts needed to support Circular Economy and to change the mind-set of financiers, engineers, risk managers, about tomorrow's challenges.

Apart from EIB's standard financial products, we have risk-sharing instruments with the European Commission which have created further capacity to support the EU's circular economy policy.

Currently, the EIB is working intensively to deliver innovative projects under the European Fund for Strategic Investments. This is a EU guarantee budget, which we, as the "EU bank", have been entrusted with by the Commission and the European Council to mobilize 315 billion euros of new investment in the EU economy over the next three years.

Circular Economy certainly makes a very good case for our quest of sound, innovative, sustainable projects. Moreover, investments in innovative technologies and new business models are more prone to involve higher risks – but we are not shying away from that.

The EIB can provide its support not only to particular circular economy projects but also to the financial ecosystem.

At the moment, there is no shortage of liquidity in the financial system. The main problem is rather a lack of risk-taking capacity.

Risk sharing instruments, such as InnovFin, will remain crucial for circular economy investments, and this is why, the EIB and the European Commission have agreed to amend the eligibility criteria to address and include the specificity of some circular economy-related projects.

Using EFSI and InnovFin, the EIB can also improve the risk taking capacity of those banks and funds who demonstrate a similar commitment to supporting the circular economy agenda.

The EIB is not only providing finance but also financial and technical advice and expertise to originate and transform ideas into projects.

The recently created European Investment Advisory Hub offers a single point-of-access to a 360 degree toolbox of advisory and technical assistance services. We stand ready to deploy our know-how for this transition towards a circular economy.

Ladies and gentlemen,

The importance of transitioning to a circular economy cannot be overstated, but a successful transition entails an integrated set of actions and an excellent cooperation of all stakeholders.

I would like to reiterate EIB's strong commitment to work together with the European Commission and with the Member States in order to support EU's Circular Economy policy...

... and I am also very proud that the EIB, the EU bank, is going to play a central role in promoting the needed investment in circular economy projects (through EFSI , InnovFin and other instruments).

I am confident that this conference under the stewardship of the Luxembourg Presidency of the Council will constitute a defining moment and will send a strong signal reflecting our commitment to live up to the challenge of turning EU's economy into a circular economy.

It is our duty to pursue this noble goal, which could lead to a gigantic leap for the EU and, ultimately, for our civilisation.

Thank you very much for your attention!