

## Policy Brief: Finland's Approach to Building Strategic Joint Commitment for Circular Economy Action

*Transitioning to a circular economy requires coordinated action towards shared goals, but it has often been challenging to build consensus on the direction and actions needed for limiting natural resource use at the national level. Introducing common rules for natural resource use and management into the EU agenda or multilateral environmental agreements has proven even more difficult.*

*The Finnish approach aims to tackle these challenges by bringing together a wide range of stakeholders, policymakers and research in order to set targets and build joint action for circularity. Importantly, it aims to combine the science- and practice-based understandings of the challenges hindering the circular transition. In practice, this has meant setting science-based targets and measures for cross-sectoral movement towards a circular economy.*

### Setting targets on natural resource use has proven difficult

In recent years, the circular economy has been one of the priorities on the EU Commission's agenda, with the EU launching numerous initiatives, focusing particularly on recycling and eco-design.

The Commission emphasises the role of the circular economy in its recommendation for the 2040 emissions reduction target for reaching climate neutrality by 2050.<sup>1</sup> The Commission sees significant potential for circularity in sectors such as construction, energy-intensive industries and the food system. It highlights various circular business models, including product-as-a-service, sharing platforms and circular product design aimed at extending product life cycles, enhancing resource efficiency, promoting recycling and utilising renewable energy sources.

Despite increasing interest, support and initiatives for circularity, the transition to a circular economy is still in its early stages. The EU's circular material use rate only reached 11.5% in 2022, after decades of slow growth.<sup>2</sup> In addition, the EU's material footprint remains very high, with raw material extraction totalling 14.8 tonnes per capita in 2022.<sup>3</sup> The International Resource Panel emphasises that, without urgent and concerted action, resource extraction could surge by 60% from 2020 levels by 2060, posing a significant threat to our efforts to combat climate change and biodiversity loss.<sup>4</sup>

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<sup>1</sup>European Commission (2024). [Recommendation for 2040 emission reduction target.](#)

<sup>2</sup>Eurostat (2023). [EU's Circular Material Use Slightly up in 2022.](#)

<sup>3</sup>European Environmental Agency (2023). [Europe's Material Footprint](#)

<sup>4</sup>International Resource Panel (2024). [Global Resources Outlook 2024](#)

## Building consensus for joint action

Accelerating the transition to a circular economy requires ambitious policies at both the EU and global levels, as well as forward-looking national policies. Finland has set an ambitious target to reach carbon neutrality by 2035. In addition, as part of our national efforts to promote the circular economy, we have made a historic decision to curb the overconsumption of natural resources.

The Finnish approach to circular economy policy aims to facilitate joint action for the circular transition. The purpose of the approach is to generate legitimacy and shared understanding of the need for a circular transformation and of its bottlenecks. It also builds consensus around the actions and networks needed. The cornerstones of the Finnish approach are:

- **Science-based policy:** Research institutes providing analysis and knowledge of natural resource consumption are key to bridging the gap between research, policy and practice.
- **Building consensus on goals:** Involving key actors in the processes of setting targets and recognising measures builds consensus and creates shared ownership.
- **Devolving problem-solving:** Actors are given the autonomy to pursue the shared goals as they see fit within a jointly created framework.
- **Commitment to iteration through learning:** Mechanisms for learning and cooperation along the way help develop impactful policies and measures based on new knowledge and experience from practice.

## The circular economy green deal connects policymakers, key actors and research

Based on this approach, the Finnish government initiated a collaborative process for developing a new national policy tool, the Circular Economy Green Deal. The process is led by the Ministry of the Environment and the Ministry of Economic Affairs and Employment.

The aim is to encourage public and private actors to contribute to the circular transition by committing to a) promoting national targets,<sup>5</sup> b) setting impactful organisation-level targets, and c) setting concrete measures and indicators for reaching these targets. To support the actors, ministries build an enabling architecture. It includes collecting national level data, scenario work, a scientific evaluation panel to assess the quality of the commitments, and circular economy hubs that facilitate learning, discovery of financing opportunities and cooperation.

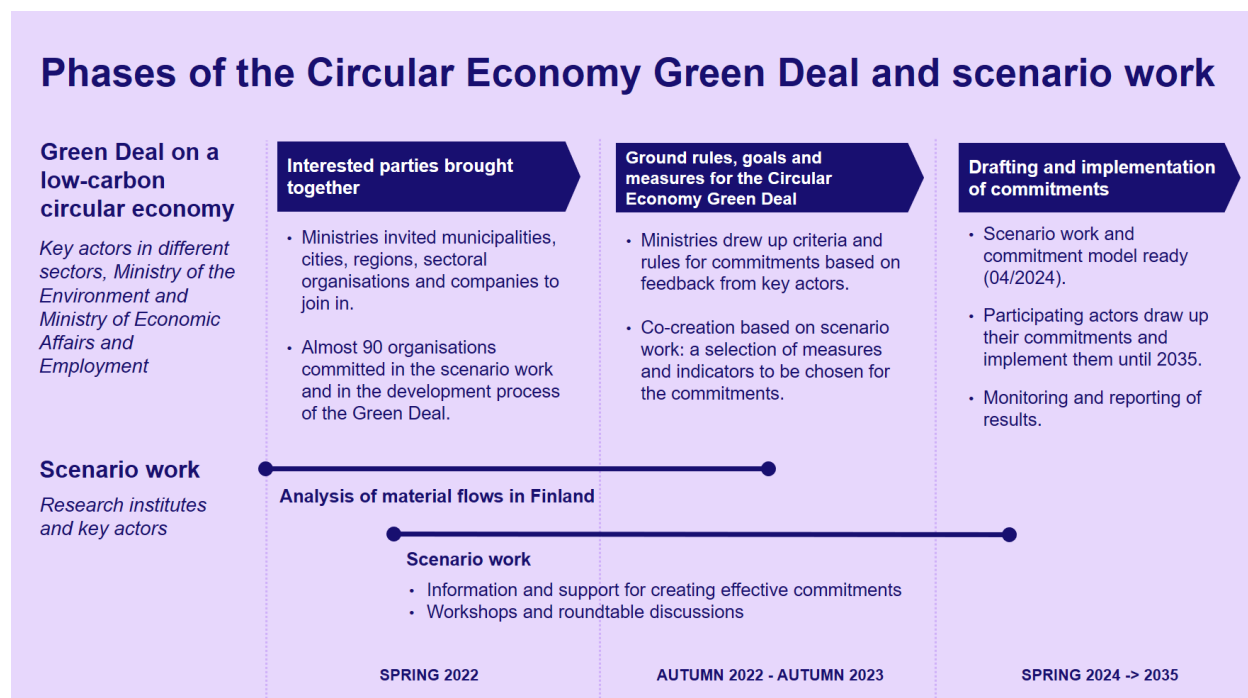
The collaborative process leading to the creation of the Circular Economy Green Deal involved several ministries and research institutes, and nearly 90 organisations representing most of Finland's regions, major cities, key businesses and industry associations. It also involved

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<sup>5</sup>The objectives outlined in the [Strategic Programme for Circular Economy](#):

- 1) Raw material consumption (RMC) in 2035 will not exceed 2015 levels,
- 2) Resource productivity doubles from 2015 levels by 2035
- 3) Material circularity rate doubles by 2035.

prominent companies, including the largest actors in the forest industry and construction sector. The process combining research and policy development is depicted in Figure 1 below.



**Figure 1.** The phases of the Circular Economy Green Deal and scenario work.

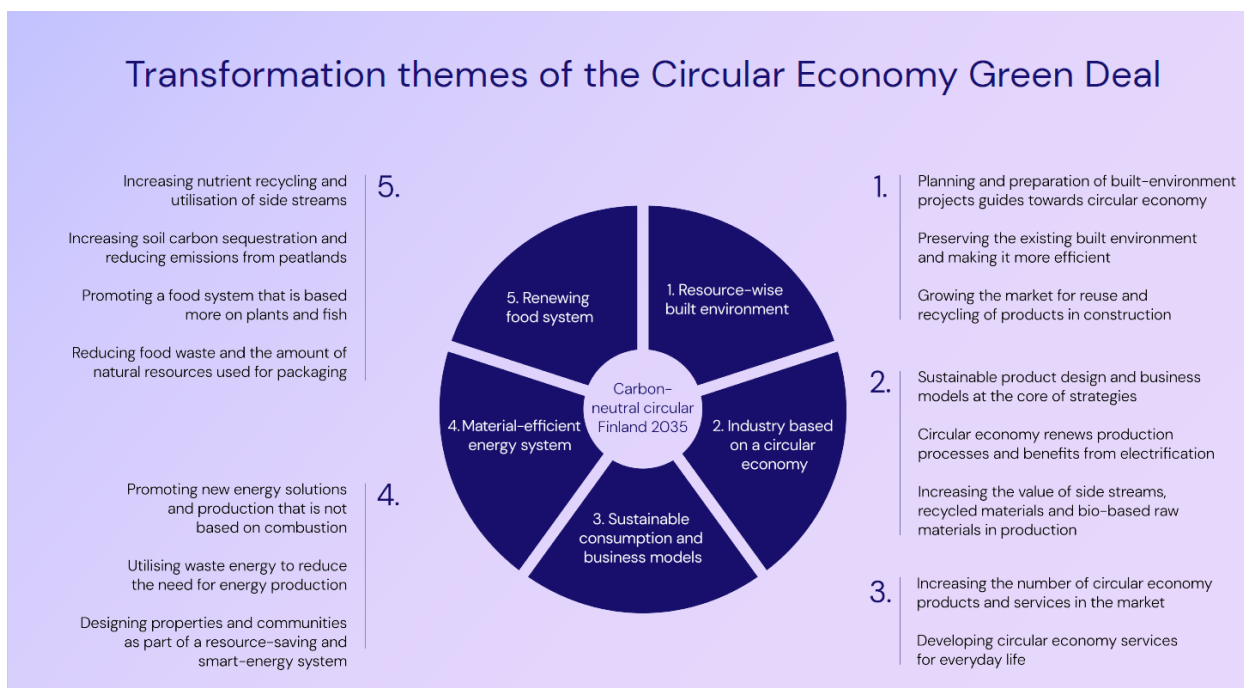
The research institutes<sup>6</sup> produced a national-level material flow analysis, along with three scenarios on the future of natural resource use in Finland.<sup>7</sup> The cooperation and dialogue with key actors and ministries supported this process. The research process led to the identification of impactful measures across various sectors and regions needed to reach the targets. It also functioned as a validation mechanism for assessing the impacts of the measures to be included in the Circular Economy Green Deal.

The collaborative process helped to identify and strengthen consensus around policy measures and changes in business and societal practices. It also helped to strengthen the cooperation needed within and across different sectors in order to address the growing trend of natural resource use.

Targets and measures for the scenarios were derived in five transformation themes that support the mapping of organisation-specific actions and the identification of systemic bottlenecks (as depicted in Figure 2).

<sup>6</sup>Led by the Finnish Environment Institute (Syke), the research consortium included VTT Technical Research Centre of Finland, Natural Resources Institute Finland (Luke), the Geological Survey of Finland GTK and Statistics Finland.

<sup>7</sup>The assessments were conducted using environmentally extended EEIO models (ENVIMAT model family).



**Figure 2.** Transformation themes and subsections of the Circular Economy Green Deal.

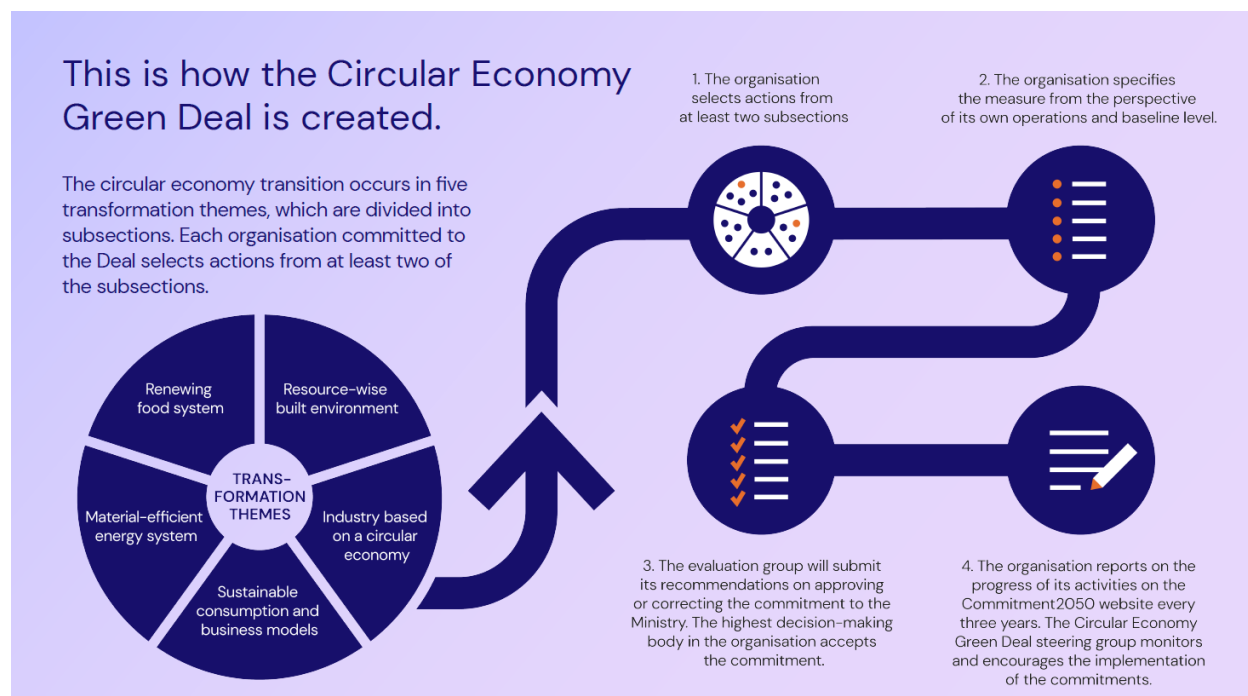
Interested businesses, industry associations, municipalities and regions can join the Circular Economy Green Deal by creating their own commitments for 2035 with organisational targets and actions. The commitments will be published on the publicly administered national online platform called Commitment2050<sup>8</sup> (as depicted in Figure 3).

The ministries commit to leading the process and supporting the transition and committed organisations by developing steering mechanisms, by establishing circular economy hubs<sup>9</sup> and a national steering group,<sup>10</sup> as well as seeking and directing financing.

<sup>8</sup> [sitoumus2050.fi](https://sitoumus2050.fi)

<sup>9</sup>The transformation theme-specific circular economy hubs are organisations chosen by the ministries. Their role is to support committed organisations by facilitating networking and the accumulation and sharing of realisations and best practices in and across the transition themes, by exploring financing options and by facilitating cooperation and project development for circular action. They aim to support the creation of ecosystems and multi-actor joint action to solve systemic bottleneck in specific sectors.

<sup>10</sup>A national steering group will be established and chaired by the ministries. Its role is to support continuous dialogue and iteration among selected participating key actors who have committed to the Green Deal. The role of the steering group is to assist businesses, municipalities, regions and networks in promoting a carbon-neutral circular economy society. It does this by providing continuous research and practice-based support to ministries for developing steering mechanisms and iterating the Circular Economy Green Deal based on results and discoveries.



**Figure 3.** The four phases of the Circular Economy Green Deal process: **selecting the actions, specifying the measures from one's own perspective, the evaluation group's approval and reporting.**

## The Finnish scenarios: achieving the circular transition is possible with a positive impact on the economy

As part of the process, research institutes produced up-to-date knowledge of the use of natural resources in Finland and its environmental and economic impacts, along with three scenarios depicting the use of natural resources in 2035.

According to the findings, circular and material-efficient solutions, along with carbon cycling, support the achievement of Finland's carbon neutrality target by 2035. Climate impacts include additional reductions in energy-related emissions and the strengthening of the net carbon sink in the land use sector. On the other hand, clean energy is needed in order for industry to be able to introduce process changes based on circular economy solutions. Importantly, ambitious circular economy measures can halt and reverse the growth of natural resource consumption while having a slightly positive impact on the economy.

The results corroborate the facts that Finland's national economy is material-intensive and that the use of natural resources has significant environmental impacts. However, they also indicate that most of the targets set in the Finnish Strategic Programme for the Circular Economy can be achieved. In the most ambitious scenario, total raw material consumption does not exceed the 2015 level and the circular economy rate of materials doubles from 2015. However, the third target on resource productivity cannot be met with the measures included in the scenarios. Achieving the carbon neutrality target by 2035 will require additional measures beyond those included in the

scenarios. To make the scenarios and the circular transition a reality, ambitious cross-sectoral joint action and additional new policies and steering mechanisms are needed.

## Recommendations for policymakers, based on experiences from Finland

1. **Build a coherent database on natural resource use, material flows and circular material use rate.** This will provide a solid knowledge base for policymaking and steer action towards impactful leverage points for circularity.
2. **Build consensus on national targets for natural resource use together with stakeholders and research.** By setting targets together, stakeholders can identify their roles in the transition towards shared objectives and gain ownership. Bridging the gap between research and stakeholders is crucial for science-based policy.
3. **Define policies.** Recognising the roles of ministries and the public sector in developing steering instruments, circular policies and addressing bottlenecks is crucial. Systemic obstacles such as current policies, lock-in systems and investment challenges hinder the acceleration towards a circular future.
4. **Create enabling architecture for encouraging key actors to implement actions.** This architecture can take the form of a voluntary commitment in which targets and measures set by a participating organisation are made public and reported regularly.
5. **Facilitate learning and joint action.** Designate intermediary organisations whose role is to support the implementation of commitments, promote networking, share best practices, help find financing and facilitate co-project development. This can incentivise key actors to join and facilitate dialogue between ministries and stakeholders.
6. **Implement a mechanism for evaluation and iteration.** Evaluation can happen via a scientific evaluation panel, which assesses the quality and ambition of the voluntary commitments. A steering group ensures ongoing dialogue between key stakeholders and continually assesses the national progress towards circularity as well as the needs to update the commitments and steering mechanisms.