

# Chile's path to a circular economy

## *Key milestones in the transition*

Chile is a country with great biological diversity and abundant natural resources that has experienced significant economic and social development over the last few years. Its economy is based mainly on the exploitation of its natural resources, on agricultural exports and raw materials, being the main producer of copper in the world.

Global demand for raw materials has helped spur this economic growth, which in turn has contributed to the application of coherent macroeconomic policies<sup>1</sup>, a trade liberalisation regime and a favourable business climate, allowing Chile to achieve a significant improvement in poverty rates, both relative and absolute, in recent years.

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This growth has led to a significant increase in the consumption of single-use plastics and the amount of water used for the production/export of mineral and agricultural products, as well as an increase in deforestation and, therefore, in the loss of biodiversity.

Rising temperatures and extreme weather events have affected the availability of water resources, soil quality and the preservation of biodiversity, causing significant socioeconomic, health and infrastructure problems. The most affected sectors have been mining, agriculture, forestry, fishing, aquaculture, and tourism, which are key to the country's growth.

To sustain the progress made in recent years, Chile has undertaken efforts to increase resilience to climate change, mitigate its impacts and increase the country's capacity to adapt. This serves its vision of advancing in the reduction of poverty and inequality, promoting sustainable economic growth, increasing employment and incomes, promoting public and private investment in economic activities, infrastructures and assets that reduce carbon emissions and pollution, increasing energy and resource efficiency, and preventing the loss of biodiversity and the weakening or loss of ecosystems.

## The roadmap: How is Chile's economy becoming circular?

🟢 In 2015, Chile began the development and implementation of national and sectoral public policies for the transition to a low-carbon economy, including circular economy principles, with the aim of achieving effective and forceful transformations in the face of climate change through an adjusted economic model that would allow the sustainable development of the country. One of the first instruments related to circular economy was the [Law on Waste Management, Extended Producer Responsibility and Promotion of Recycling](#) that meant a paradigm shift in waste management in the country.

The Law is a Framework to reduce waste generation and increase recycling rates and reuse by 30 %. The developed Extended Producer Responsibility (EPR) strategy addressed waste generation and facilitated upcycling, while improving social and environmental conditions.

🟢 As part of the ecosystem of strategies and public policies related to climate change, the elaboration of the '[Roadmap for a Circular Chile to 2040](#)' began in 2018 and it was published in 2021.

<sup>1</sup> <https://www.minrel.gob.cl/minrel/ministerio/direcciones/derechos-humanos/acerca-del-plan-de-accion-nacional>



The roadmap sets out a long-term vision and strategy to transform the country's production methods and, in particular, the use and disposal of resources, with a view to solving the challenges of the current economic system. This roadmap outlines clear goals and an action plan that will move Chile away from a linear economic model towards circular economy aimed at eliminating waste and pollution, enhancing circular production and consumption, and regenerating nature to mitigate the effects of climate change.

At sector level, "[RCD Roadmap - Circular Economy in Construction sector in 2035](#)" was published in 2020. It focuses on improving the construction value chain, a key sector in Chile, through efficient management of construction waste and demolitions. To have a synergistic and short-term approach (with a horizon to 2025), in 2022 the Chile Chamber of Construction, the Institute of Construction and the Construye2025 Program by CORFO launched the [Circular Economy Strategy in the Construction 2022 sector](#).

## Milestones of the transition to a circular economy



## Drivers for the transition to a circular economy

### International commitments to the Paris Agreement and the Agenda 2030

Chile has assumed an international commitment by incorporating circular economy as a transversal axis within the updated NDC, thereby showing the importance the circular economy has for the country to fight against climate change.

### Commitment of all parties to build a more sustainable and inclusive Chile

There is a great commitment from private sector actors, civil society, policy makers, entrepreneurs, academics, and young people to build a more sustainable and inclusive Chile through circular economy.

### Strategic public policies and decisions with the Roadmap for a Circular Economy Chile by 2040

By 2040, the regenerative circular economy is expected to propel Chile towards a sustainable, fair and participatory development that puts the well-being of people first. This can be achieved through caring for nature and its living beings, through responsible and efficient management of its natural resources, and by promoting a society that uses what it consumes and produces in a sustainable and conscious way, creating new circular business models, fostering entrepreneurship and the creation of green jobs and opportunities for people and organizations throughout the country.

### National innovation system for the competitiveness and innovation for circular economy

Chile has a solid national innovation system that favours the development and implementation of the circular economy and strengthens the competitiveness of Chilean companies, through innovative solutions that improve the sustainability of their products and services, and the incorporation of new technologies, such as the adoption of Industry 4.0.

### Efficiency in the use of natural resources

The goal is to ensure that natural resources are produced, processed, and consumed in a more sustainable and efficient way, reducing the impacts derived from the consumption and production of products. This requires a comprehensive vision of the use of resources, considering all phases of the life cycle of products, preserving biodiversity and natural resources in Chile.

### Public sector leadership and coordination

The leadership of the public sector is key in this process, as well as in the establishment of a regulatory framework to support circular practices and the correct application of the roadmap and public policies related to circular economy.

## DRIVERS

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**Strategic public policies and decisions with the Roadmap for a Circular Economy Chile by 2040**

**National innovation system for the competitiveness and innovation for circular economy**

**Efficiency in the use of natural resources**

**Public sector leadership and coordination**

**Programmes and instruments for the implementation of the circular economy**

### Programmes and instruments for the implementation of the circular economy

Public sector institutions, such as CORFO and the Ministry of the Environment, have developed actions such as the [Circular Territory Program](#), in order to generate enabling conditions to effectively implement **the Roadmap for a Circular Economy Chile by 2040** and also to monitor its progress periodically, which allows the achievement of the proposed goals. The Ministry of the Environment

has the ["Recycling Fund"](#) to finance projects to prevent waste generation and train its valuation, recycling or reuse. Likewise, through CORFO, the ["Chile Transforms"](#) programme is available, which offers support and financial instruments to support the implementation of the actions proposed in the roadmap.

## EU support for the circular economy transition in Chile

The [Delegation of the European Union to Chile](#) has been actively promoting Chile's transition towards sustainable development and the circular economy, particularly by supporting the design and implementation of public policies, through cooperation programmes on environmental sustainability and climate change.

Chile and the EU are committed to reducing the negative effects of climate change, environmental degradation and resource inefficiencies. Within the Chile-EU Bilateral Fund for Development in Transition, the project 'Technical cooperation for projects of production, storage, transport and use of green hydrogen' is being developed, promoted jointly with the Ministry of Energy and CORFO, with the aim of technically supporting the development of conditions for the growth of the green hydrogen industry in Chile.

The EU supported Chile in its presidency of COP25 and on the road to Glasgow 26 and has continued doing so in successive COPs.

### EU-funded circular initiatives at a glance

- ◉ [Eurochile](#)

It offers support and promotes circular strategies, eco design, innovation, and other options, to Chilean companies establishing synergies between public and private companies in the EU and Chile through a [Circular Economy Working Group](#) and an action plan.

- ◉ [Bilateral Fund for Development in Transition Chile - European Union](#)

Joint initiative between the Chilean Agency for International Development Cooperation (AGCID) and the Directorate-General for International Partnerships of the European Commission (DG INTPA), whose objective is to promote and support Chile's transition process towards sustainable development.

- ◉ [AL-INVEST Verde Programme](#)

This programme has supported initiatives such as the articulation and development of sustainable and circular business models led by MSMEs, offering sustainable products and services benefiting the Chilean construction sector. Further, with an eco-accelerator it accelerated innovation in circular business models for E-Commerce packaging.



## Lessons learned in the transition process towards a circular economy



**Stakeholder engagement and participation** was key in preparing the roadmap, and it continues to be so in its implementation. The contributions of public, private, academic, and civil society should be sought and incorporated into the process.



**Proper governance, creating distributed responsibilities and long-term acceptance** of the transition towards a circular economy, requires the involvement of all stakeholders. To guide the elaboration of the roadmap, a Strategic Committee was created with public, private, and municipal actors, along with an International Advisory Committee that gave credibility to the entire process. The implementation and monitoring of the roadmap are being promoted by the public sector through CORFO.



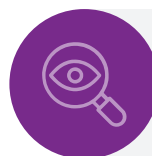
**The reduced time horizon of two years is very short** to be able to develop all the proposals raised in the roadmap and to achieve the proposed objectives. There is a need to establish a time frame that allows for a broad participatory process and the achievement of the objectives.



**Support for the institutionalisation of the roadmap** and the entire transition process towards circular economy is essential to ensure continuity.



**Strengthening regional actors is essential to ensure a territorial vision, considering the needs and priorities of the different regions.** In the process of transition towards a circular economy and the elaboration of the roadmap, a limited participation of the territories was achieved.



**Follow-up and monitoring** progress in the implementation of the roadmap is essential in order to know the level of achievement of each of the objectives. Transparent and accurate reporting facilitates an updated understanding of the situation at all times and signals the need to intervene, when necessary, as well as any doubts that might arise about the achievement of any of the commitments and initiatives. CORFO, through its 'Circular Territory' programme, is responsible for monitoring, with the intervention of the private sector.

Based on the experience acquired with the elaboration and implementation of the [Roadmap for a Circular Chile by 2040](#), awareness, dissemination and education on the culture of environmental care and circular culture, promoting changes in consumption habits and production patterns, is crucial to make citizens aware and sensitive to environmental problems and assume their roles as agents of change for the transition towards the circular economy.



## Future steps

Implementation of the adopted policies and roadmap is essential. The Circular Territory programme, contributes to an effective implementation of the Circular Economy Roadmap of Chile. Among its actions is the follow-up and monitoring of the circular economy roadmap, in order to guide and evaluate the level of progress in the transition.

Chile is a very diverse country, and its 16 regions have different realities, needs and priorities. This is why the transition towards circular economy must be led in each region by promoting public policies that are driven by local actors. The Circular Territory programme addresses the need to incorporate a wide range of regional actors. It targets the different regions by linking the industry and the innovation and entrepreneurship ecosystem, encouraging the participation of regional communities in the process, as well as the **dissemination, monitoring and communication of the circular economy**.

To maintain long-term acceptance of the transition towards a circular economy, further awareness and outreach need to include multiple stakeholders at national, regional and municipal level from the public and private sectors as well as civil society.

Chile is well placed to develop circular business models for critical raw materials. The development of such business models needs to include social and environmental safeguards.

