

Workshop summary – Circularity 19.1.2024, DIW Berlin

The circularity workshop took place on the 19th of January 2024 with attendees from industry and academia. In the following, the key take-aways as well as the crucial questions that need to be answered to foster a circular economy are presented.

Market-based instruments:

The issue of reuse is often forgotten when discussing circular economy ambitions. In the workshop, the key success factors for reuse businesses were discussed, as well as the role and incentives of deposit and return schemes. In this context, consumer acceptance and switching costs were also addressed, as well as legal barriers reuse loop testing. Pricing policies for a functioning recycling market, the push for tax reform, suitable plastic types as well as the problem of double-counting resource savings are also crucial when considering circular economy.

Questions to be answered:

- Could feed-in tariffs alleviate the problem of low recycled content and high prices?
- Who should bear the responsibility and who should take credit for recycled content to avoid double counting?
- Is there an opportunity for a single encompassing legislation or are many small interventions needed, possibly with a product-centric focus?
- What is the role that consumers play?
- Are other pricing instruments needed and if so, which ones?

Non-market instruments:

A key theme of the second session was mandatory recycled content combined with a clear accounting framework and a functioning carbon border adjustment mechanism. Minimum recycled content could create a demand pull for recycled plastics. Eco-design was discussed as another potential pillar of non-market-based instruments, either as a general requirement or product-specific. Green consumers, eco-label, and corporate social responsibility were also discussed. The waste hierarchy and its benefits were subject of debate.

Questions to be answered:

- How should eco-design guidelines be applied to different products?
- Is the waste hierarchy still useful and, if so, how can it be better applied in practice?
- How can a product passport address the issues of recyclability and the waste hierarchy?
- Could green quotas encourage a shift towards more circularity?
- What compliance mechanisms are needed?

Governance:

Regarding governance, a focus of the discussion was on the integration of circular economy and climate policy, for example with a carbon border adjustment mechanism. In addition, political achievements and commitment to the circular economy were seen as crucial. Finally, there was a focus on political targets and useful indicators to illustrate the transition. Overall, there is a need for a governance process to drive target setting over time.

Questions to be answered:

- How integrated should climate and circularity policies be?
- How to shift the focus to circularity?
- Are national or integrated strategies needed for EU countries?

What are appropriate targets for circularity? Suggestions include reuse targets, destruction of new products, recycled content targets, energy loss, consumption indicators, product lifetime or raw material use.

Key takeaway:

A framework of circular economy objectives and targets to promote parallel advancements in CE policy development and governance process.

	Recycling (including material production and waste management)		Manu- facturing	Reuse & Life- time extension	
	Policies	Governance process		Policies	Governance process
Target	Recycling targets, recycled content targets, recyclability targets	Governance target (to put policies in place) CSR (voluntary commitment)		Reuse targets (based on LCA assessments)	Adjustable targets
Pricing	Pricing instruments to make transition possible		Product Design	Pricing instruments to make transition possible	
Standard	Recyclability standards			Needed	