

The EU-Japan Centre for Industrial Cooperation webinar

Current Status and Challenges of the Circular Economy - Toward a Growth-oriented, Resource-autonomous Economy

Tuesday, 10 December 16:30-18:00 Tokyo (8:30-11:00 Brussels)

Manuel Hubert, *Managing Director EU-side, EU-Japan Centre for Industrial Cooperation*, made the opening remarks:

- For the past five years, the EU has been working on the Green Deal agenda, with Circular Economy (CE) being one major package.
- Constraints and challenges to implementing CE are being identified, but the key is to align policy and business objectives.
- The authorities' support for CE will bring more opportunities to companies both in the EU and Japan market, which is in line with the EUJC's mission.
- I hope that today's discussion will lead to more cooperation between the authorities and more investment in CE.

Aurel Ciobanu-Dordea, *Director, Circular Economy, Directorate-General for Environment, European Commission*, made the presentation:

- The new features of the EU Circular Economy Action Plan 2.0 are: 1) a life cycle approach from the product design phase, 2) targeting material flows with significant impacts on consumption and disposal (such as plastics, textiles, electrical products, etc.), and 3) unified rules for the EU single market (shifting from directives to regulations).
- Recent regulatory developments include: 1) Battery Regulation, 2) Packaging Regulation, 3) Waste Shipments Regulation, 4) Ecodesign for Sustainable Products Regulation (ESPR), 5) Regulation enhancing circularity in the automotive sector (pending), and 6) Extended producer responsibility rules for textiles (pending).
- Key focus areas in upcoming EU policies include: 1) Competitiveness Compass and Clean Industrial Deal, 2) ESPR application for textiles, Digital Product Passports (DPP), and intermediate materials such as tires, steel, and aluminum, 3) the establishment of a new Circular Economy Act (covering supply, demand, and market economics), 4) revision of the REACH Regulation (chemicals), and 5) tightening regulation for use of Per- and Polyfluoroalkyl Substances (PFAS).

Shogo Tanaka, *Director, Resource Efficiency and Circular Economy Division, GX Policy Group, Ministry of Economy, Trade and Industry*, gave the presentation:

- The growth-oriented, resource-autonomous Circular Economy strategy addresses the challenges of 1) resource constraints and risks, 2) environmental constraints and risks, and 3) growth opportunities.
- To create a Circular Economy market, efforts will focus on: 1) initiatives in the design and production phases (visualizing circularity, certification and labeling of circular designs, etc.), 2) initiatives in the service sector (sharing, subscriptions, regulatory reviews, etc.), 3) initiatives in the collection and recycling phases (transforming the waste industry into a resource supply industry, providing technological and financial support, etc.), and 4) forming digital platforms for information sharing (digitization of product information, etc.).

- A Circular Partners group has been established for industry-academia-government collaboration (currently with over 500 members).
- With the GX Economy Transition Bonds, the goal is to achieve ¥2 trillion in public-private investment in the circular economy over 10 years. In the next three years, ¥30 billion will be allocated to support sectors such as automobiles, batteries, electrical and electronic products, and plastics.
- Consideration is being given to revising current 3R-oriented regulations to those that foster collaboration between arterial and venous industries, in line with a Circular Economy regulatory framework.
- Regarding digital platforms, a Chemical and Circular Management Platform (CMP) is under development, following the battery traceability system on Ouranos ecosystem.
- Future policies aimed at improving resource productivity will include mandatory use of recycled materials and incentives, among other measures.

Noriyuki Mita, Vice President, Chief Sustainability Officer, Mitsubishi Chemical Group Corporation, delivered the presentation:

- The chemical industry aims to contribute to strengthening the competitiveness of industries and regions through Circular Economy efforts across all value chains.
- Examples of initiatives by the Mitsubishi Chemical Group include the use of bioplastics, carbon capture and utilization (CCU), reducing environmental impact during manufacturing, reducing impact during usage, and plastic recycling.
- There are several methods for plastic recycling, including mechanical (material recycling), chemical recycling through monomerization, and chemical recycling through pyrolysis (gasification, liquefaction). Each method has its pros and cons in terms of recovery difficulty, the quality of recycled products, and energy consumption.
- The company's largest chemical recycling plant in Japan is scheduled to open in 2025.
- In the field of chemical recycling (pyrolysis), the company has formed an alliance with supply chain partners Refinverse and ENEOS.
- Challenges for the industry include: 1) market creation, 2) research and development/commercialization, 3) access to waste, 4) closed or open business models, 5) data management for traceability, 6) complexity of supply chains and products, and 7) cross-border movement of circular materials. Each of these challenges requires a balanced solution.

Kristiina Veitola, Director Corporate Affairs, Circular Economy and Packaging Policy, Tetra Pak, shared the presentation:

- For circularity and recycling, the company will: 1) invest approximately 100 million euros annually in sustainable packaging solutions over the next 5-10 years, 2) invest about 120 million euros in local collection and recycling ecosystems to increase recycling rates over the next three years, and 3) lead industry collaboration for the collection and recycling of cardboard boxes.
- The challenges include: 1) Policies should strengthen and incentivize economic models and cross-sectoral ecosystem thinking, 2) Circularity by Design should be the foundation of all policies, 3) Packaging should be recognized as an essential part of food systems, and 4) Circular Economy and food security should be developed in collaboration.

Q&A session covered the following questions:

- (To Dr Dordea and Mr Tanaka) About target indicators

- (To Dr Dordea and Mr Tanaka) What policy interventions are needed to increase the cost of recycled products and materials?