



Consultation on the Circular Economy Act

Executive Summary

Key points

In its call for feedback, the European Commission focuses primarily on strengthening economic security and competitiveness, for example by simplifying legal and administrative processes. However, this approach falls short:

- **Regional economies and the circular economy** are not sufficiently linked in the draft. There is no clear strategy for systematically promoting regional value creation, sustainable jobs, and short, resilient supply chains. Without such an integrated approach, key opportunities for **economic stability**, the **creation** of up to **700,000 additional jobs** in the EU, and greater **security of supply** risk being missed.
- **Companies lack planning certainty**, as **no binding legal pathway** for reducing resource consumption is provided for. Without clear and enforceable targets, the circular economy market remains fragile and investment uncertain. The planned harmonisation of the internal market must therefore safeguard and strengthen environmental and social protection standards. Only in this way can long-term locational advantages be secured and enhanced.
- The current focus remains too narrow. While **recycling** and the strengthening of secondary raw materials are emphasised, **reuse and repair** – the most effective levers for conserving resources – receive insufficient attention.
- The **social dimension of the transformation** remains unclear. Without good working conditions, clear labour market policies, and strong social security systems, there is a risk that workers will be left behind and **public support for the transition** will weaken. To be truly effective, the Circular Economy Act must give **equal weight to environmental and social objectives**.

AK's Position

On the content of the draft:

AK welcomes the announcement by the EU Commission to propose a Circular Economy Act. This initiative offers the opportunity to align Europe's excessive resource consumption with the EU's sustainability and economic goals and therefore primarily falls under Article 192 TFEU, which aims to maintain a high level of environmental protection.

Key priorities from AK's perspective:

1. Create a binding legal framework

The existing EU targets for the circular economy are fragmented and not embedded in a coherent, science-based overall strategy for sustainable resource consumption. Only a binding and consistent legal framework will ensure the necessary reduction in the material footprint and greenhouse gas emissions while providing planning certainty for companies. Key elements:

- **A binding reduction target of no more than five tonnes of raw material consumption per capita by 2050**, as well as science-based **interim targets for 2030 and 2040**, focusing on specific material flows and/or sectors.
- **Uniform measurement methodology for effective and comprehensive monitoring:** At a minimum, this should include the consumption-based material footprint in relation to planetary boundaries, production-based material flow indicators (e.g. raw material consumption) and greenhouse gas emissions from production, and progress towards sector-specific targets.
- **Identification of data and quality gaps** in secondary raw materials in order to establish a database for secondary raw materials (supply, trade flows, foreign trade, demand).
- **Harmonisation and strengthening of existing sectoral minimum standards and obligations**, aligned with reduction targets under current legislation. No sectoral or product-related exemptions that undermine the holistic approach of a European circular economy.

- **National allocations with annual target pathways** (e.g. "material budgets" similar to effort sharing in the climate sector) and **national reporting requirements** with a matrix of measures and indicators.
- **Sanctions and effective enforcement mechanisms**, including an obligation to take corrective action if targets are missed, fines for failing to comply with national material budgets, and conditional access to certain EU funding instruments, linked to the achievement of national reduction targets.
- **Scientific advisory board** with sufficient resources (deviations from recommendations must be justified, annual reports in parliamentary sessions, coordination with the European Scientific Advisory Board on Climate Change).
- **Involvement of countries from which the EU imports critical raw materials** (e.g. institutionalised international resource partnerships, linking with EU partnerships on raw materials).

2. Prioritise reuse, repair and refurbishment

Recycling alone cannot sufficiently reduce rising resource consumption. It is energy- and resource-intensive and is often counteracted by rebound effects, in which efficiency gains are negated by additional consumption. Developing and strengthening a market for secondary raw materials is important, but **reuse, repair and refurbishment** should be prioritised. The key is to develop infrastructure that makes circular products and practices easier to access, more attractive, and more affordable. This way, sustainable options become the natural choice for consumers. This requires:

- Binding **targets for reuse and repair** and the expansion of the necessary **infrastructure** at regional level (e.g. a requirement to establish at least one facility – such as a lending or exchange centre – per 50,000 inhabitants, modelled on the public library system).
- Binding **waste prevention targets per sector**.

- **Promotion of an open repair market and stronger protection against premature obsolescence**, especially for digital products affected by outdated software, and incentives to bring about changes in practices (e.g. through a repair bonus).
- **Promotion of the necessary infrastructure** for reuse and repair, in particular through collective models such as repair cafés, sharing models and socio-economic enterprises.
- **Promoting social science research** to analyse motives, causes and barriers to consumer participation in the circular economy.
- **Mandatory establishment of a national umbrella organisation** to coordinate activities and measures in the field of reuse, repair and sharing (in particular networking civil society initiatives and social economy enterprises), and to ensure greater public visibility (e.g. by establishing a platform that provides information about relevant offers).
- **Ambitious implementation of the Ecodesign Regulation** (rapid development of strict criteria) **and extension to other product groups**, as well as strengthening market surveillance and introducing transparency requirements through the Digital Product Passport.
- **Strengthening and extending the right to repair** and the ban on destroying unsold goods, especially electronics.
- Review the **potential of Extended Producer Responsibility systems (EPR with eco-modulation)** in various categories to create stronger financial disincentives for excessive consumption and wasteful business models. With regard to online platforms, the obligations and role of the mandatory Authorised Representative should be strengthened.
- **Raise awareness among the general public** through mandatory measures by Member States, such as a civil society academy or mentors/peers for the circular economy – based on the Right2Repair Directive.

3. Create economic fairness, a just transition and quality jobs

The transition to a circular economy is profoundly changing the world of work: while new [regional jobs](#) may be created in areas such as repair, [reuse](#) and refurbishment, raw material-intensive industries such as mining and metal processing are facing structural change. This requires a strategy that recognises the inevitable changes in these sectors and aims to make them fair so that no workers are left behind. According

to estimates, the necessary EU investment is at least 21% above current levels in order [to finance](#) the transition to a circular economy by 2027. Important factors include:

- **Commitment by Member States to sectoral transformation plans** with clear sub-targets for resource-intensive industries (e.g. construction, transport, digital economy), involving workers and their representatives.
- **Commitment by Member States to labour market policy strategies** for training, further education and retraining for key sectors of the circular economy, as well as guidelines on fair wages, safe working conditions and social protection in all sectors of the circular economy. Long-term financial security for **socio-economic enterprises** in order to make the best possible use of the synergies between the circular economy and the integration of people who face discrimination in the labour market.
- **Ensuring binding labour and environmental standards for imports** of raw materials from third countries, including compliance with European supply chain legislation, especially for critical raw materials.
- **Consistent involvement of employees** and their representatives, as well as the **public**, in all decision-making processes.
- **Strengthening research and development** for circular economy models through targeted EU funding programmes, consistent consideration of European value creation (“local content”), as well as social and other quality standards, and short and therefore resilient supply chains in public procurement.
- Anchoring **social and environmental criteria for public procurement** and setting quotas for repair and reuse.
- **Regulate marketing practices that fuel overconsumption**, such as marketing-driven obsolescence, dark patterns and addictive designs.
- A **European financial and tax policy for the circular economy** that promotes and encourages investment in circular business models and gives them a tax advantage over resource-intensive business models (e.g. combating unfair pricing for spare parts). This should also enable sustainable consumption at affordable prices.

4. Making the circular economy safe

A sustainable circular economy must also be safe for consumers:

- **Ban particularly harmful chemicals** (e.g. PFAS) in consumer products and products that prevent reuse and recycling (e.g. fast fashion).
- Integration of the EU Chemicals Strategy into all product and waste regulations.
- **Expansion of market surveillance** to effectively monitor compliance with EU requirements in the circular economy, particularly with regard to imported recyclates (in order to avoid health and environmental risks), the right to repair, the ban on destruction, and eco-design.
- **Stricter rules for online platforms** that often offer short-lived and unsafe products that do not meet EU requirements, strengthening the role of authorised representatives and establishing a central manufacturer register (“single gateway”) based on national registers.
- **Promotion of education** in schools and adult education on the health and environmental impacts of products and excessive consumption, competence building in repair, usage behaviour and maintenance.
- **Introduction of mandatory information requirements** on the quality, durability and reparability of products (in particular on the price of spare parts, prohibition of all forms of premature obsolescence).



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About us

The Austrian Federal Chamber of Labour (AK) is the legal body which represents the interests of approximately 4 million employees and consumers in Austria. It represents its members on all social, educational, economic and consumer policy-related issues at a national level and in Brussels at an EU level. In addition to this, the Federal Chamber is also part of the Austrian Social Partnership. AK is registered under number 23869471911-54 in the EU Transparency Register.

The AK EUROPA office in Brussels, which was opened in 1991, is tasked with representation of the Chamber of Labour vis-à-vis European institutions and interest groups, the monitoring of EU activities and the transfer of knowledge from Brussels to Austria, as well as lobbying in Brussels for the expert opinions and positions of the Chamber of Labour that are developed together with the regional chambers.