# Statement on NKWS

Berlin, July 09. 2024

Circular Berlin (circular city e.V), Circular Black Forest, Circular Munich e.V and the CircularPSP consortium and Empirica Gesellschaft für Kommunikations- und Technologieforschung mbH welcome the comprehensive and systemic National Circular Economy Strategy (NKWS).

## Circular economy as a vision for society

The current draft concentrates on pointers for economic transformation without formulating a social vision. The vision is to move from a consumption-oriented society to a more conscious system in which value is not only measured in short-term material terms, but also takes into account social and long-term dimensions. In this way, the circular economy promotes a more sustainable and balanced approach to growth and development, while economic activities have a positive impact on the well-being of society and the environment. Thus, not only economic actors - on which the current draft focuses - but all levels of society and the state play a role. These must be involved and taken into account when setting priorities.

**Please consider the following aspects for the final version:**

1. Include sustainable consumption in the vision of a circular economy
2. Integration of local circular economy practices into climate contributions
3. Recognizing the role of cities, regions and local economies
4. Sustainable consumption and trade: expanding affordability
5. Digitalization and training must reduce complexity
6. Necessary ambitions for the Circular Economy Act (KrWG)
7. Further goals, instruments and measures for the transformation of the clothing and textile sector
8. Further instruments and measures for the transformation of the construction sector
9. Further instruments and measures for the transformation of the metalworking industry
10. Further instruments and measures for the transformation of plastics
11. Circular procurement does not start in the procurement department - everyone has to think along with you
12. Implementation framework through leadership, funding, community involvement and education
13. Lack of consideration of the food and agricultural industry
14. Lack of consideration of incineration plants in the circular economy strategy
15. Other initiatives from business and society

## Include sustainable consumption in the vision of a circular economy

We share the vision of a circular economy on the production side **[chapter 1.3]**. However, the demand side, which has so far been missing, and therefore consumption patterns, must also be included in the vision. The circular economy must promote a culture of conscious consumption and changes in consumption patterns and behavior, with reduced consumption becoming the norm instead of continuing the overproduction of "circular" goods. This change will encourage consumers to prioritize necessity and quality over quantity, leading to a reduction in overall material consumption and waste. In addition, the vision should recognize that the circular economy operates within planetary boundaries and supports a socially just basis. This means that economic activities are designed in such a way that they do not overburden natural resources and the environment while promoting social justice. The equitable distribution of resources and the promotion of social prosperity are essential to ensure a sustainable and just future.

## Integration of local circular economy practices into climate action

The decarbonization of industry is a crucial aspect of climate protection, and the circular economy must be more than a "green growth for production processes" approach **[Chapter 1.4].** Many circular economy strategies are based on services in local markets. Practices such as repair and sharing are only resource-ficient and customer-friendly (in terms of time and cost) if they are implemented locally. These practices, even if they do not aim to be scaled up, play a significant role in climate protection by reducing resource consumption and waste production. They emphasize the importance of a balance between local, small-scale initiatives and broader industrial strategies to ensure a comprehensive and responsible approach to environmental protection. Thus, the challenge of a fully circular economy is inherently decentralized, which should also have an impact on the design of the fields of action and the projects envisaged therein.

In addition, other harmful aspects such as external costs, which often affect other economies, must be included in Germany's industrial responsibility and circular economy strategy. As an international player that sources imported raw materials abroad and operates production facilities abroad, Germany must take equal responsibility for the decarbonization of industry to prevent spillover into other economies as externalities. This would create a logic that encourages industries to operate within planetary boundaries.

## Recognizing the role of students, regions and the local economy

The current approach largely emphasizes collaboration, knowledge sharing and gradual adoption of circular economy practices, but does not empower municipal stakeholders to take a leadership role and promote their active role in the transformation. There should also be a more active involvement of economic actors.

to promote local economies that take local and national goals into account. Further measures proposed:

**Setting local targets and strategies for the circular economy:** Cities and regions should set specific, measurable targets for waste reduction, resource efficiency and circularity. These targets should be in line with national and EU targets, but tailored to local circumstances and capacities. The potential of the circular economy for proactively managed structural change is great, but there is no assessment of how such structural change towards a more sustainable economy can be managed.

**Innovation centers and incubators:** Establish local innovation centers and incubators that focus on start-ups and circular economy projects. These centers can provide funding, mentoring and resources to accelerate the development and scaling of circular economy solutions.

**Community Engagement Programs:** Develop comprehensive community engagement programs to educate and involve citizens in circular economy practices. This can include workshops, education campaigns and participatory projects that promote recycling, reuse and sustainable consumption.

**Funding the circular economy:** Provide dedicated funding for circular economy projects at local and regional level. This can support the development of infrastructure, pilot projects and the scaling of successful initiatives. Further funding programs are needed in particular for the development of circular economic systems, which can enable an equalization of living conditions between urban and rural areas through their innovation potential.

## Sustainable consumption and trade: expanding affordability

In addition to reparability and the second-hand market **[Chapter 3.3.]**, the affordability of circular consumption must also be taken into account. Sustainable products and practices must be accessible to all members of society. This means that we should focus on fair pricing models that make sustainable options economically viable.

To achieve this, we must move away from subsidizing harmful and polluting industrial practices and instead support fair pricing models that reflect the true costs of production, including environmental impacts. In this way, we can create a more inclusive circular economy where sustainable choices are affordable and accessible to all.

No targets and measures f o r making online retail more sustainable are formulated. To this end, initiatives to reduce the negative environmental impact of e-commerce itself should be included: concrete

Measures to reduce returns and a move towards reusable packaging should be included.

## Digitalization and training must reduce complexities

The circular economy is fundamentally more complex than its linear predecessor **[Chapter 4.2].** Ideas are constantly being developed and new case studies carried out. This knowledge must be made accessible to all stakeholders (especially municipalities and SMEs) without language barriers. The digital solution should derive manageable action steps from these descriptions. This facilitates the attempt to replicate a case study and make it a positive experience so that the circular economy is not perceived as another "green burden". Otherwise, stakeholders will fall back on the simpler and safer - linear - option for action. AI-based platforms capable of providing the entire European inventory in German (NLP) are technically feasible and easily scalable.

## Necessary ambitions for the Circular Economy Act (KrWG)

The current draft of the National Circular Economy Strategy (NKWS) recognizes the importance of the Circular Economy Act (KrWG), but does not go far enough in presenting a comprehensive revision. The following aspects should be **included** in **[Chapter 4.3.3:**

**Increased recycling and recovery targets:** The KrWG should set stricter recycling and recovery targets for all waste streams to ensure that valuable materials are systematically recovered and reused.

**Extended Producer Responsibility (EPR):** Expand the scope of the EPR to include more product categories and tighten compliance measures, to ensure that manufacturers are held responsible for the end-of-life management of their products.

**Circular product design:** introducing verpflichtende requirements for product design that prioritize recyclability, durability and reparability. This includes setting standards for the use of recycled materials in new products.

**Targeted further development of product responsibility systems:** It is necessary that the qualities of the sorting fractions are anchored in the manufacturers' product responsibility. These qualities provide the basis for further product design.

**Consumer engagement and education:** Strengthen initiatives to increase consumer awareness of the benefits of the circular economy and provide clear information on correct waste sorting and recycling practices and the application of all ten R strategies.

## Further goals, instruments and measures for the transformation of the clothing and textile sector

The objectives, instruments and measures outlined are positive and cover some of the upcoming challenges in the clothing and textile sector [**Chapter 4.7**]. For a holistic view of the challenges, the following additions are recommended:

**Goal - production volume:** In order to achieve long-term resource conservation, a reduction in production volumes is essential, especially for large clothing and textile manufacturers. This goal therefore goes hand in hand with a reduction in consumption, as oversupply is (partially) avoided. It is proposed that concrete reduction targets be integrated. These targets should also be applied to international companies that sell nationally.

**Goal - Petroleum-based fibers (such as polyester, etc.):** In the course of resource conservation, an explicit reduction or avoidance of petroleum-based fibers (virgin or recycled goods) should be integrated, as these have a significant abrasion of microfibers during the use phase, which circulate in the water cycle for a very long time compared to other materials.

**Goal - fiber-to-fiber recycling:** In order to achieve the usage goals of fiber-to-fiber recycled materials, it is necessary to define goals with regard to the presented research in fiber-to-fiber recycling and to back this up with very concrete measures. Furthermore, recycled materials should be affordable in terms of cost, as otherwise the cost of the end product will be too high and therefore not attractive to consumers in the short and medium term.

**Measures and instruments - National** extended **producer responsibility:** A national extended producer responsibility, as has already come into force in other European countries, is completely missing from the national circular economy strategy for clothing and textiles. In this context, specific criteria for ecomodulation should also be established with regard to the amount to be raised per item of clothing or textile placed on the market. The amounts raised should be distributed along the entire value chain. In addition to national sorters and recyclers, this also includes importing countries for second-hand textiles from Germany at the end of the value chain. It must also be ensured that only usable and high-quality clothing is exported.

**Measures and instruments - Change in awareness and information:** Consumers have been used to being able to buy clothing at a very low price for years. Therefore, a particular focus should be placed on the value of clothing in changing awareness so that consumers are more willing to pay a higher price for clothing.

**Measures and instruments - occupational fields:** Support for occupational fields such as textile and bespoke tailoring is essential. The measures should be formulated in more concrete terms, as the establishment of repair businesses, support for

SMEs need to make these professions more attractive in terms of apprenticeships, etc. There is currently hardly any market for textile and bespoke tailoring, for example.

**Measures and instruments - recording of textile waste:** The collection rate for clothing and textiles placed on the market should be specifically formulated. A
100 percent coverage is recommended. This will create comprehensive transparency for this sector.

## Other instruments and measures for the transformation of the construction sector

These measures to implement the circular economy in the construction sector are a step in the right direction [**Chapter 4.8**]. In order to make the circular economy strategy for the construction sector more ambitious, the following improvements are recommended:

**Guideline with evaluation system for checking the preservation of existing buildings:** There is a lack of obligation to use this guideline. The time horizon and area of application should be specified**.**

**CO2 cap:** Introduction of a CO2 cap for the construction sector. This measure is intended to define the maximum permissible emissions for construction projects and promote the use of low-carbon materials and technologies.

**Stricter waste reduction targets:** Set stricter targets for the reduction of construction and demolition waste to ensure that a higher percentage of materials are recycled or reused. To this end, the regulation on the waste status of building materials must be revised.

**Minimum quotas for the use of secondary raw materials**: The minimum quotas should be extended to all building types. The targets of the EU taxonomy must be met during implementation. It would be conceivable to integrate a gradual implementation of the quotas into the NKWS.

**Demolition permit:** The introduction of a demolition permit was removed from the interim report. This must be reinstated as a matter of urgency in order to preserve the existing building stock and obtain valuable information on the life cycles of components and
-materials for the transfer of the stock into urban mines.

**Incentives for sustainable practices and corresponding financing instruments:** Provide incentives for companies that adopt sustainable building practices, such as tax breaks, grants or subsidies for the use of environmentally friendly materials and technologies.

**Enhanced monitoring and reporting:** Establish robust monitoring and reporting systems to track the progress of circular economy initiatives in the construction sector. This should include regular audits and public reports on key metrics such as CO2 emissions, waste reduction and the use of secondary materials.

## Further instruments and measures for the transformation of the metalworking industry

In principle, the holistic view of the objectives in **[Chapter 4.9]** is to be welcomed. However, not all R strategies are mapped.

The planned introduction of a separation obligation for metals from commercial waste is a concrete and important measure and should be implemented as quickly as possible, as it can make a significant contribution to the preservation of important non-ferrous metals.

There is no incentive system for sustainable product design, although there is a clear goal with "Design for Recycling".

There is no clear distinction between the different metals. The R-strategies that already exist and are ready for implementation differ for metals. A clear distinction between the degree of maturity of the R-strategies with regard to the various metals is therefore of great importance, particularly for the promotion of research into the recycling of metals such as graphite, rare earths, etc.

## Further instruments and measures for the transformation of plastics

The avoidance of plastic waste as a top priority is a positive aspect. In order to achieve this goal, upstream R-strategies must be given more consideration **[Chapter 4.10]**. This also means that there is a need for specific targets to p r o m o t e prevention, durability, reusability and repair. In contrast, the overall focus of the targets and measures is too strongly on recycling and the use of recyclates.

In the area of packaging, binding quotas should be introduced for established reusable systems. At the same time, there is a need to promote reusable systems that have not yet been established, especially when it comes to recycling in the B2C sector.

One particularly important point is limiting the variety of materials, the complexity of which stands in the way of a transformation to a circular economy. However, this limitation should be binding in order to ensure reliable planning for companies. Existing material flows and functioning customer markets for recyclates should provide orientation.

The long-term further development of recyclate quotas must be made binding at EU level and transferred to the NKWS. Because plastics can be used in many different sectors, it is important that the material flows of recyclates also remain in the original system (e.g. packaging) so that there is planning security. This could be achieved through a suitable recycling and return infrastructure.

## Circular procurement does not start in the procurement department - everyone has to think along with you

Strengthening the procurement departments with regard to the legally compliant procurement of used goods and the other aspects mentioned is absolutely essential **[section 4.11]**. For procurement to become truly circular, however, the procurement departments must also receive other requirements from the specialist departments. Simply substituting linear goods with circular goods would ignore all overarching R-strategies. The specialist departments of cities, federal states, the federal government and companies need to think about what they can avoid, how they can repair with regard to climate action and what they can share with others. In addition, a forward-looking exchange between local SMEs and buyers must take place so that changing needs can also be met locally.

## Implementation framework through Leadership, funding, community involvement and education

The National Circular Economy Strategy (NCCS) needs to improve its implementation framework through leadership, community involvement, education and training **[Chapter 7]**.

**Improved leadership and accountability:** A high-level task force should oversee the implementation of the strategy, with clear responsibilities and the authority to make necessary adjustments.

**Financing:** Creation of a special fund for circular economy initiatives, supported by public and private sectors.

**Community Involvement:** Develop the comprehensive community education and involvement programs to promote a culture of sustainability and circular practices at the grassroots level.

**Education and training:** Invest in education and training programs at all levels, from schools to industry professionals, to build capacity and raise awareness of the benefits of a circular economy.

**Integration with other German strategies:** To ensure a coherent and comprehensive approach to sustainability, the NKWS should be explicitly integrated with other key German strategies such as the climate protection plan, energy transition strategy, industrial policy and waste management policies. This alignment will emphasize the contributions of circular economy practices to national goals and ensure that the policies are mutually reinforcing.

## Lack of consideration of the food and agricultural industry

The draft NCA does not sufficiently address the role of the food and agricultural industry in the transition to a circular economy. This sector is characterized by its central importance for satisfying food needs and enormous water and energy consumption as well as high volumes of waste, especially in the case of

food, which has a significant impact on the environment. The regionalization of the food and agricultural industry can make a significant contribution to reducing food loss along the value chain. In order to create a more inclusive and effective circular economy strategy, it is essential to integrate specific measures for the food and agribusiness industry. This should include the promotion of regenerative agricultural practices, the reduction of resource consumption and the minimization of waste along the entire supply chain. Consideration should also be given to incorporating the recycling of nutrients in the soil ecosystems themselves to increase the regenerative capacity of soils. This is because soils are large reservoirs for the input of a wide range of substances and must be seen as important sinks for emissions. In this way, we can ensure that all major sectors contribute to the goals of the circular economy and help to reduce their ecological footprint.

## Lack of consideration of incineration plants in the circular economy strategy

The draft National Circular Economy Strategy (NKWS) must include a critical consideration of the role of incinerators in the context of the circular economy. Incinerators, although they can be useful for waste reduction and energy recovery, pose significant environmental problems, the loss of potentially recyclable materials, and provide the wrong incentives. Clear targets to reduce reliance on incinerators by encouraging higher recycling and reuse rates are needed. The principles of the circular economy prioritize the long-term use of materials, and incineration contradicts this approach, so the position needs to be taken towards this infrastructure.

## Other initiatives from business and society

**Circular Berlin** (Circular City - Zirkuläre Stadt e.V.) is a non-profit initiative that has been accelerating the transition of the Berlin metropolitan region to a circular economy since 2019. With over 140 members, the initiative has realized more than 20 projects for urban transformation in the sense of the circular economy. Through knowledge- and community-building activities, pilot projects and educational programs, the local circular economy agenda is being shaped and material flows within the region are being redeveloped.

The **Circular City Challenge** project aims to innovate municipal processes in different regions by bringing local authorities together with Circular Innovators and promoting progress in implementation. The main objectives are to establish a network for the exchange of experience between municipalities and to identify barriers to implementation.

The **CiruclarPSP** project has analyzed the problems of numerous circularly ambitious cities and launched an innovative procurement for the solution. The technical challenge brief describes the challenges cities face in terms of information, operationalization, organization, change and training.

The tender was concluded with 15 providers. Five providers have currently been awarded the contract to further develop their solution and develop the initial core elements of the solution (including AI). In the fall, the three best providers will be awarded a further contract and develop prototypes. In summer 2025, two solutions will be rolled out as pilots in the cities.

Several national ministries, city associations and numerous cities and regions are already supporting the project. Participants will have access to the two pilots in demonstration mode. The aim is for as many cities as possible (project participants and collaborators) to procure their preferred solution after the test and for a growing number of municipal employees to become increasingly circular.

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