VCI POSITION COMPACT

Circular economy

The circular economy is an essential building block for the chemical and pharmaceutical industry when it comes to greenhouse gas neutrality. This includes all contributions to the conservation of resources along the value chain. Chemical products contribute to the circular economy in many ways: Their use makes lighter and more durable products possible, and they contribute indirectly to climate protection using technologies for generating renewable energies. When it comes to promoting sustainable products, consideration needs to be given to these contributions as well as recyclability. An ever-increasing number of raw materials can be recycled thanks to the modern recycling processes developed by the chemical industry.

The correct focus of politics

The circular economy plays an important role in the political agenda at EU level and in Germany. For example, the EU Commission put forward an action plan to promote the circular economy in March 2020. Key elements of this plan include developing eco-design legislation for sustainable products and revising current packaging regulations. The German government is in the process of drafting a comprehensive, national strategy which seeks to consolidate all measures relating to the circular economy.

In addition to reusable solutions and sustainable product design, we will need to make continuous improvements to existing recycling and sorting technologies and make use of additional recycling methods if we are to promote the circular economy. That is why the chemical industry is working on a variety of innovations for recycling plastics. Chemical recycling, for example, holds great potential, especially in terms of mixed and contaminated plastic waste. So far, this waste has been used predominantly for energy generation. The circular economy could be strengthened, and the EU's high recycling quotas met if were we to integrate chemical recycling processes into our practices.

Every little helps

In addition to recycling plastic waste, the chemical industry is developing ways of using renewable raw materials and, in future, alternative raw materials such as CO_2 as a means of closing the carbon cycle once and for all. Diversifying the raw material base in the long term allows the chemical industry to provide secure access to resources, even in times of crisis.

The VCI is calling for the following

- **Accelerating the development of innovative technologies**
  The circular economy will only succeed if new technologies for recycling are promoted. If it is to succeed, we would need investment in research and development on the one hand, and processes such as chemical recycling to be recognised in a technology-neutral way by legislation on the other.
- **Promoting sustainable product design**
  Design requirements for new products should be defined in a way that considers both their usefulness and their recyclability. This holistic design contributes to all aspects of sustainability.
- **Strengthening the use of recyclates**
  We should use financial incentives to promote the use of recyclates in a targeted manner. When introducing quotas for recyclates, it is crucial that these are enforced across the EU and are designed to be technology-neutral (e.g., by recognising mechanical and chemical recycling processes) as well as product-specific. We need an EU single market with common standards to ensure the necessary availability of recyclates for an efficient circular economy. This is supported by the expansion and optimisation of collection and sorting systems, full recognition of chemical recycling, and the enforcement of an EU-wide and uniform landfill ban for plastic waste.

| Version as of: 28 September 2022