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## **JBCE AND JP4EE'S ANSWER TO THE CALL FOR EVIDENCE ON THE CIRCULAR ECONOMY ACT<sup>1</sup>**

### **INTRODUCTION**

Being a cross-sectoral association with member companies operating in different industries and across various stages in the supply chain, the Japan Business Council in Europe (JBCE) and the Japanese electric and electronic industrial associations – JEMA, JEITA, CIAJ and JBMIA (JP4EE) - welcome the opportunity to contribute to the Call for Evidence on the Circular Economy Act. We would like to emphasise that the requirements for achieving sustainability and a circular economy should be effective and workable. In pursuit of this, we further detail our position and insights below.

### **KEY MESSAGES**

- ❖ A global perspective is essential: To build effective circular systems, the EU should embrace secondary materials from partner countries and align recycling technologies and standards globally. This approach supports innovation, resource resilience, and fair competition.
- ❖ Circularity should include both EU and non-EU regions: Limiting resource circulation to EU-produced secondary materials may undermine competitiveness. Incorporating non-EU secondary materials from partner countries with which appropriate economic-security partnerships have been established can accelerate circular economy goals.
- ❖ Overregulation risks undermining global competitiveness: Applying strict procedures to non-hazardous e-waste may hinder recycling and increase illegal disposal. A balanced approach is needed.
- ❖ Review of information requirement: Achieving a circular economy requires practical information design and coherent policies taking into consideration the reality of global supply chains and recycling infrastructure both within and outside the EU.
- ❖ Borderless quality partnerships are vital to ensure long-term economic and environmental resilience: For the EU and Japan, it would also enhance collaboration as an effective means to address shared environmental challenges and foster competitive, sustainable industries in both regions.

<sup>1</sup>[https://ec.europa.eu/info/law/better-regulation/have-your-say/initiatives/14812-Circular-Economy-Act\\_en](https://ec.europa.eu/info/law/better-regulation/have-your-say/initiatives/14812-Circular-Economy-Act_en)

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## **The Importance and Challenges of International Cooperation in the Global Supply Chain**

### **1. Encouraging the construction of EU and Non-EU to achieve a circular economy**

Companies operating within the EU Single Market often source raw materials and manufacture products across various regions, resulting in globally integrated supply chains. If the EU were to mandate the use of secondary raw materials originating exclusively from within the EU—either as a condition for market access or eligibility for financial incentives—it could significantly disrupt these supply chains. Such disruption would affect long-standing partnerships with suppliers and investments in areas such as human resource development, quality assurance, and cost efficiency.

Fragmentation of supply chains would also hinder the establishment of an optimal circular economy across broader regions. Therefore, rather than focusing solely on the origin of secondary raw materials, it would be more constructive to provide incentives for materials produced in countries with regulatory frameworks equivalent to those of the EU. Even if the use of EU-origin secondary raw materials were to become mandatory, it is essential to consider measures such as recognizing materials from partner countries with established economic and security agreements as equivalent or exempting them from the requirement. In the recommendations of the 2025 EU-Japan Business Round Table (BRT)<sup>2</sup> held on 12 February 2025, the European and Japanese industries emphasise the importance of ensuring international harmonisation by aligning the methods for calculating and verifying recycled content with non-EU regions, in order to secure a level playing field.

### **2. Enhancing Circularity through International Standard Harmonisation**

There is an urgent need to establish recovery technologies for critical raw materials contained in Electrical and Electronic Equipment (EEE). Technical support, such as recycling technology after recovery and evaluation technology for actual secondary raw materials, along with a system to support it is needed. To build a truly effective circular economy, it is essential to ensure the quality of secondary materials and advance international frameworks for mutual recognition of recycling technologies and standards. New material technologies, such as bio-based raw materials, play a vital role as a complementary option within the circular economy. In particular, when recycled materials are not available in the required quantity or quality, bio-based alternatives could help fill the gap. Their use should be flexibly adjusted based on availability and strategically positioned to enhance resource diversification and supply resilience.

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<sup>2</sup>EU-Japan Business Round Table 2025 [https://www.eu-japan.eu/sites/default/files/brt/pastmeetings/2025/brt2025\\_wp1\\_en\\_final.pdf](https://www.eu-japan.eu/sites/default/files/brt/pastmeetings/2025/brt2025_wp1_en_final.pdf)

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In the BRT recommendations, the European and Japanese industries emphasise the importance of harmonisation and mutual recognition of standards and product certifications, as well as the acceptance of international standards where applicable. In this context, Japan has proposed that alignment with international standards should be ensured to avoid creating barriers to the global circulation of products.

### **3. Risks of Overregulation in e-Waste Trade**

Under the revised Waste Shipment Regulation<sup>3</sup> and entry Y49<sup>4</sup> in the Basel Convention, control measures are extended to all e-waste, its components, and residues from processing - except those covered by entry A1181.

Applying the Prior Informed Consent (PIC) procedure to non-hazardous e-waste shipped within the EU under these entries may result in excessive administrative burdens and transport delays. Such constraints risk undermining legitimate recycling efforts in the EU and may lead to unintended consequences, including increased illegal exports and landfill disposal. To mitigate these risks, the scope of the PIC application for intra-EU shipments of non-hazardous e-waste should be reassessed. Maintaining a green-listed approach for non-hazardous e-waste would contribute to promoting circular economy within the EU by facilitating efficient and economically viable recycling operations across Member States.

## **Ensuring Coherence with Existing Legislation and Designing Practical Information Frameworks**

### **1. Avoid Legislative Overlaps**

The Circular Economy Act should only address issues that are not covered by existing legislation, as outlined below. Where necessary, existing legislation should be amended instead of creating new measures. Legislative overlaps cause confusion for consumers, waste treatment facilities and industries, and are not in line with the EU's objective of simplification.

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<sup>3</sup> Waste Shipment Regulation (Regulation (EU) 2024/1157) <https://eur-lex.europa.eu/eli/reg/2024/1157/oj>

<sup>4</sup> Basel Convention, Questions & Answers <https://www.basel.int/Default.aspx?tabid=10107>

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- Waste Framework Directive<sup>5</sup>
- Waste Electrical and Electronic Equipment (WEEE) Directive<sup>6</sup>
- End of Life Vehicles (ELV) Directive<sup>7</sup>
- Packaging and Packaging Waste Regulation (PPWR)<sup>8</sup>
- Critical Raw Materials Act (CRMA)<sup>9</sup>
- Battery Regulation (EUBR)<sup>10</sup>

In the case of EEE, this issue should be addressed through a revision of the WEEE Directive rather than through new legislation such as the Circular Economy Act.

The Circular Economy Act should focus on the issue of secondary raw materials not covered by existing legislation. For example, methods such as using costs recovered through Extended Producer Responsibility (ERP) cover the costs of incentives to expand the market for secondary raw materials should tended be proposed. In this case, incentives should be simple, as requiring complex documentation management would make them susceptible to leakage and fraud.

## 2. Collecting immediately useful information for waste treatment by product group

An investigation of the actual state of waste disposal should be carried out. Based on this, the Circular Economy Act should focus on collecting and providing information that is immediately useful for recycling. All-in-one solutions are theoretically sound, but often not effective in practice. For example, Registration in the SCIP database is a legal obligation under the EU Waste Framework Directive (WFD) and the REACH Regulation<sup>11</sup>.

Companies placing articles on the EU market that contain Substances of Very High Concern (SVHCs) above 0.1% weight by weight must submit information to the SCIP database. Industry heavily invested in the SCIP<sup>12</sup> database, which collects information on SVHC (Substances of Very High Concern) content. However, there is no evidence that the SCIP database has significantly promoted recycling since its introduction, meaning it may not have actually contributed to waste treatment. It could be argued that the effort was not proportional to the benefit. Providing overly detailed chemical information, such as SoCs (Substances of Concern), is often not immediately helpful for waste treatment and the production of secondary raw materials.

<sup>5</sup>Waste Framework Directive (Directive 2008/98/EC) <https://eur-lex.europa.eu/eli/dir/2008/98/oj/eng>

<sup>6</sup> Waste Electrical and Electronic Equipment (Directive 2012/19/EU) <https://eur-lex.europa.eu/eli/dir/2012/19/oj/eng>

<sup>7</sup> End of Life Vehicles (Directive 2000/53/EC) <https://eurlex.europa.eu/eli/dir/2000/53/oj/eng>

<sup>8</sup> Packaging and Packaging Waste Regulation (Regulation (EU) 2025/40) <https://eur-lex.europa.eu/eli/reg/2025/40/oj/eng>

<sup>9</sup>Critical Raw Materials Act (Regulation (EU) 2024/1252) <https://eurlex.europa.eu/eli/reg/2024/1252/oj/eng>

<sup>10</sup>Battery Regulation (Regulation (EU) 2023/1542) <https://eur-lex.europa.eu/eli/reg/2023/1542/oj/eng>

<sup>11</sup> REACH Regulation, (Regulation (EU)2006/1907) <https://eur-lex.europa.eu/eli/reg/2006/1907/oj/eng>

<sup>12</sup> SCIP Database <https://www.echa.europa.eu/scip-database>

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Furthermore, the ESPR's concept that a SoC<sup>13</sup> leaves too much room for interpretation, making it difficult to obtain uniform information. This not only prevents the provision of information that is actually useful for waste disposal, but may also lead to confusion among consumers, waste treatment facilities and manufacturers.

We believe that narrowing down product categories will enable more efficient recycling. We would like to suggest, for example, dividing products into groups based on the difficulty of recycling, such as:

- Products that can use recycled materials (products that do not require high quality).
- Medical equipment and analytical equipment that require additives to maintain high performance.
- Products with specific materials (such as automobile sector).

Products that should not contain hazardous substances, such as food contact materials, may enable more efficient recycling. However, if an all-in-one solution using the concept of SoCs is introduced and high-quality recycled materials for every product category are required, the recycling progress would proceed very slowly and less effectively.

### **3. Aligning Chemical Substance Information with Real-World Handling of Complex Articles**

Currently, information on substances in articles is provided based on the "once article, always article" principle, with the denominator being per article regardless of its size. For example, in the case of circuit boards, information must be provided at the level of the ceramic component of a capacitor. However, such highly detailed and granular information is not practically useful for waste treatment operations.

In fact, waste treatment operators do not require substance-level data for small components like capacitors, and the current regulatory approach imposes excessive requirements that go beyond what is necessary for effective recycling. Recycling efficiency could be improved by aligning information requirements with how recyclers actually handle complex articles—eliminating unnecessary detail and prioritizing the data that is truly relevant to recycling processes. This would also reduce the administrative burden on manufacturers and enhance their competitiveness.

<sup>13</sup> ESPR (Ecodesign requirements for sustainable products, Regulation (EU) 2024/1781) <https://eur-lex.europa.eu/eli/reg/2024/1781/oj>

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#### 4. Key Considerations for DPP Deployment in a Circular Economy

Digitalisation is welcome when digitalised information is useful for the actual recycling reality. The Digital Product Passport (DPP)<sup>14</sup> is a system for digitally centralising and sharing information about a product's entire lifecycle (design, materials, use, repair, disposal, reuse, etc.). It is critically important as an information infrastructure for achieving resource circulation, including recycling. To maximise its effectiveness, high-quality information and robust utilisation systems are required. Concretely, the DPP should provide the following:

- Clearly state that business operators implementing DPPs should be excluded from certification schemes intended for DPP service providers and clearly define the respective roles of business operators and service providers.
- Define the minimum requirements for DPP implementation, distinguishing between mandatory and optional data. Broad supply chain data collection should remain optional, and registration procedures and associated fees should be streamlined.
- Clarify the handling of confidential information, ensure the protection of product performance data, and establish common security standards and access protocols.
- Provide a governance framework and clear guidelines for DPP implementation.
- Ensure compatibility with existing systems and allow participation of non-EU DPP service providers.

#### **Borderless Quality: Japan-EU Cooperation for a Circular Society**

In Japan, manufacturers have been at the forefront of advancing circular economy initiatives. These companies have proactively developed systems for product collection and component reuse, while also collaborating with stakeholders, local governments and national authorities to engage consumers and improve collection rates. This industry-led approach offers valuable lessons for EU policy design.

##### **Case study:**

Some Japanese manufacturers have independently developed comprehensive frameworks for collecting used products, selecting reusable components based on proprietary standards, and operating dedicated refurbishment lines. In collaboration with industry associations, they have also established nationwide collection systems. The refurbishment process includes extraction, diagnosis, reassembly, and performance testing to ensure that reused components meet the same quality standards as new products.

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<sup>14</sup> Digital Product Passport: <https://data.europa.eu/en/news-events/news/eus-digital-product-passport-advancing-transparency-and-sustainability>

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In response to industry-led initiatives, municipalities have established collection points, and the government has supported system design and public awareness campaigns. This clear division of roles among industry, government, and consumers has led to more effective public engagement, significantly improved collection rates, and expanded resource circulation. In particular, Japan has achieved some of the world's highest recycling rates for items such as PET bottles and aluminium cans. Recycled materials produced in Japan are widely recognised for their high quality, particularly in sectors such as automotive and consumer electronics. Many Japanese manufacturers have developed recycled plastics with physical properties comparable to virgin materials, including excellent durability and mechanical strength. In addition, advanced traceability systems - such as QR code-based raw material tracking and strict production controls - have contributed to consistent quality and reliability.

What we can learn from these examples is that:

- Realising a circular society requires the establishment of a social system based on a shared understanding, common principles, and long-term cooperation among all stakeholders involved.
- Promoting the harmonisation of legislation and standards within and outside the EU in order to strengthen cross-border supply chain links between like-minded countries, and to make compliance costs reasonable for companies, is key.
- In particular, when applying legislation to third-country companies, it is important to strictly pursue harmonisation of standards, norms and regulatory aspects with relevant like-minded countries, such as Japan.
- The EU and Japan should cooperate and mutually coordinate their legislation and standards, especially, borderless quality with the aim of establishing a system that is reasonable and effective for both authorities and industries.

## **Conclusion**

Realising a circular economy requires to take into consideration the current realities of global supply chains and recycling and secondary material costs. There is a risk of causing global price imbalances, making global coordination indispensable from the perspective of economic security. While design for recycling is important, the introduction of a harmonised social system is required, encompassing aspects such as extending product lifespans, recycling technologies, and logistics. The sustainability initiatives of several Japanese companies can serve as a reference for Europe's realisation of a circular society. Simultaneously, continued cooperation between Japan and Europe will enable the pursuit of a circular economy and society.

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## **ABOUT JBCE**

Founded in 1999, the Japan Business Council in Europe (JBCE) is a leading European organisation representing the interests of over 110 multinational companies of Japanese parentage active in Europe. Our members operate across a wide range of sectors, including information and communication technology, electronics, chemicals, automotive, machinery, wholesale trade, precision instruments, pharmaceuticals, textiles, and glass products.

For more information: <https://www.jbce.org/> / E-mail: [info@jbce.org](mailto:info@jbce.org)

EU Transparency Register: [68368571120-55](#)

## **ABOUT JP4EE**

### **JEMA (The Japan Electrical Manufacturers' Association)**

The Japan Electrical Manufacturers' Association (JEMA) consists of major Japanese companies in the electrical industry including: power & industrial systems, home appliances and related industries. JEMA will contribute to sustainable global development through improvement and enhancement of social and living infrastructures by strengthening international competitiveness of Japanese electrical machinery equipment industry.

<https://www.jema-net.or.jp/>

<http://www.jema-net.or.jp/English/>

EU Transparency Register: [871347495386-10](#)

### **JEITA (Japan Electronics & Information Technology Industries Association)**

The objective of the Japan Electronics and Information Technology Industries Association (JEITA) is to promote the healthy manufacturing, international trade and consumption of electronics products and components in order to contribute to the overall development of the electronics and information technology (IT) industries, and thereby further Japan's economic development and cultural prosperity.

<https://www.jeita.or.jp/japanese/>

<https://www.jeita.or.jp/english/>

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### **JBMIA (Japan Business Machine and Information System Industries Association)**

Japan Business Machine and Information System Industries Association (JBMIA) is the industry organization which aims to contribute the development of the Japanese economy and the improvement of the office environment through the comprehensive development of the Japanese business machine and information system industries and rationalization thereof.

<https://www.jbmia.or.jp/index.php>

<https://www.jbmia.or.jp/english/index.php>

### **CIAJ (Communications and Information Network Association of Japan)**

Mission of Communications and Information network Association of Japan (CIAJ): With the cooperation of member companies, CIAJ is committed to the healthy development of info-communication network industries through the promotion of info-communication technologies (ICT), and contributes to the realization of more enriched lives in Japan as well as the global community by supporting widespread and advanced uses of information in socio-economic and cultural activities.

<https://www.ciaj.or.jp/>

<https://www.ciaj.or.jp/en/>