

More and fair circular economy: towards strategic autonomy for industrial jobs and a cleaner environment

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The current social, environmental and economic crises that European industries and their workers are facing have highlighted the need for more anticipation and strategic autonomy. The energy price and supply crisis, combined with huge raw materials supply disruptions, could lead to a massive deindustrialisation in Europe, which could itself jeopardise the Green Deal and our fight against climate change. A circular economy could reverse this trend by cutting greenhouse gas emissions, reducing the raw materials demand and feeding the industrial production system with part of existing materials and products, keeping the value, materials and energy embedded in industrial products in use for far longer and creating an industrial symbiosis.

This is why industriAll Europe is stating that:

- European industry urgently needs a more and fair circular economy
- A circular economy needs to be fully integrated and supported by a strong and consistent industrial strategy
- Circular economy is a fundamental transformation of the economy and the industrial system at all levels and thus needs strong anticipation and preparation. The transition towards more and fair circular economy must be a just transition that leaves no region and no workers behind
- Trade unions can be key players in this circular transition

We need more, better and fair circular economy

A circular economy is a key pillar of the green transition. For several years, circular economy principles have been on the agenda at diverse policy levels and considered as a solution for many of the current challenges that European industries are facing in their transition to a net-zero emission society. The European Commission has also included circular economy as part of its Green Deal agenda and is considering this shift as a priority. However, according to the 2021 Circularity Gap Report¹, we are still far from achieving this, as our global economy is only 8.6% circular².

The transition to a circular economy is essential to achieve climate neutrality and protect our environment. Today, extraction and processing of resources accounts for about 90% of biodiversity loss and over half of total greenhouse gas emissions. A transition to a climate-neutral industry will be impossible without circular strategies. In an ambitious scenario, a more circular economy would cut emissions from heavy

¹ 2021 Circularity Gap Report, Circle Economy, available here: <https://www.circularity-gap.world/2021>

² In Europe, the circular material use rate reached 12.8% in 2020. This means 12.8% of material resources used in the EU came from recycled waste materials (Eurostat, EU's circular material use rate increased in 2020)

industry by 56% by 2050³. On the top of that, a circular economy will help to mitigate the raw materials needs and dependencies that European industries are facing. It will not completely eliminate the need for primary raw materials, but it is an essential pillar of raw materials supply, combined with other diversification strategies (domestic mining activities, substitution, international trade).

Circular economy policies must be ambitious and must also be underpinned by industrialised processes. Circular economy could also have positive impacts on European industry in terms of competitiveness, guiding companies to match customers' expectations and trends, but also developing higher quality products, while becoming more attractive to workers who are increasingly looking for environmentally friendly jobs.

IndustriAll Europe has a strong position to promote and engage Europe in a more circular economy and recall its position for an ambitious industrialised circular economy⁴. In the current situation of high energy prices and a supply crisis, if well designed and implemented, circular economy strategies for industries will be decisive to save energy and reduce raw materials demands in a context of scarcity, dependencies from third countries and high volatility of prices.

It is, more than ever, time to operate a real switch from a linear economy to a circular one and to boost this transition. But circular economy means a fundamental transformation of the economy and the industrial system at all levels and thus needs strong anticipation and preparation. For that to happen, we will need strong policies at different levels, commitments from industry, but also a Just Transition agenda to accompany this shift. The transition towards a more circular economy impacts industrial workers, and the trade unions which represent them are facing new challenges. With this policy paper, industriAll Europe sets out its position and demands in terms of shaping this transition to a more circular economy for European industries and identifies the main challenges that the workforce and the trade unions will face in order to anticipate the changes and leave no one behind.

The Circular Economy plans in Europe

For several years, the European Union has proposed different policies to frame and help this transition to a more circular economy. Already in 2015, the European Commission proposed a first action plan for a Circular Economy, following its reflection of the Roadmap to a Resource Efficient Europe (2011). This "Closing the loop" action plan already presented some key proposals to transition at production, consumption and waste management level.

The Circular Economy Action Plan, published in 2020, presented an holistic vision of the circular transition, providing a more concrete agenda for action. There were also provisions related to a Circular Economy in different legal provisions within the EU legislative framework and among them a new regulation for batteries, essential requirements for packaging and reduction of (over)packaging and packaging waste, mandatory requirements regarding recycled plastic content and plastic waste reduction, the Directive on end-of-life vehicles, the revision of the Waste Shipment Regulation⁵ and an EU strategy for sustainable textiles⁶.

In March 2022, the European Commission published its first Circular Economy Package to make sustainable products the norm in the EU, boost circular business models and empower consumers for the green transition (see industriAll Europe's assessments in annex). All these initiatives and proposals will indeed

³ "The Circular Economy. A powerful force for climate mitigation", Material Economics, available [here](#).

⁴ See industriAll Europe's policy brief (2016) pushing for an industrialised circular economy [here](#).

⁵ See industriAll Europe's message [here](#).

⁶ See industriAll Europe's position paper [here](#).

push for more circularity, but unfortunately, they are socially blind. A clear Just Transition agenda is missing and social criteria, such as the impact on jobs, working conditions, social dialogue and skills needs, are unfortunately not properly taken into consideration.

The challenges of a circular economy for industrial workers

Circular Economy is defined by the European Commission as “where the value of products, materials and resources is maintained in the economy as long as possible, and the generation of waste minimised”. The European transition to a regenerative growth model, which is operationalised by circular thinking and business models, is a fundamental, systemic change that challenges the way products, services, systems and infrastructures are designed and manufactured.

Circular economy models can be divided into different and sometimes complementary processes:

- service-based systems, “collaborative consumption”, “sharing economy” models
- industrial symbiosis, meaning that the process by which waste or by-products of an industry or industrial process become the raw materials for another one
- (re)designing of products to make them more durable, reusable, repairable
- recycling and waste management systems

Each of these approaches has different impacts on the way goods are produced, used and managed at their end of life. There is thus no single approach for industries, and the processes, challenges and limits⁷ are very different from one sector to another.

According to some studies⁸, a circular economy in Europe could create a small positive change in terms of the number of jobs. Some sectors are expected to grow, such as waste management, re-manufacturing, services sector (including reuse and repair), while others will lose, such as extractive industries, manufacturing of primary basic metals, materials and chemicals, and some production of durable goods. A strong and coherent job-to-job transition policy anchored in the industrial policy is thus absolutely necessary.

But job quantity and job creation must not be the only focus. Other aspects have to be taken into consideration. New (sub)sectors and activities are created and thus new or renewed jobs, and new challenges in terms of working conditions and wages, health and safety, and also skills needs and their connection with training policies. On top of that, the organisation of work and social dialogue may change in this circular transition, at the sectoral and company level. As trade unions, we have to take these questions into consideration⁹:

- How can companies, with the participation of employees (i.e. “workplace innovation”), succeed in developing new business models and products that comply with the principles of a circular economy?

⁷ It is also important to mention that there are still quantitative and qualitative limits that prevent this transition, such as disorganisation of collection and treatment of waste; regulatory burden (waste vs product); massive exports of waste outside Europe; water and energy costs; need for primary raw materials in certain applications and industrial processes; complex alloy and impossibility of dismantlement.

⁸ For more details on the anticipated impacts on the different sectors, see [here](#) (pp.6-7) the policy brief of industriAll Europe (2016) and the final report of the European social partners’ project on the Circular Economy and the world of work.

⁹ In 2021 and 2022, industriAll Europe participated in a project funded by the European Commission (ESF) with two Belgian organisations ([reset.vlaanderen](#) and [Bond Beter Leefmilieu](#)) focusing on the role of trade unions in the transition towards a circular economy. These questions are the results of the exchanges that took place in the context of the project.

- Which collective agreements will be able to be applied for these new circular activities? Will workers performing new economic activities within an established company also fall within the scope of the applicable collective agreements?
- How can the health and safety of workers in new activities be guaranteed? Recycling activities and processing new waste streams involve new risks, such as exposure to hazardous or harmful substances.
- The transition will not only create new jobs, but some activities and sectors will also experience sharp downturns. How to guarantee job-to-job transition with appropriate skills and adequate training programmes?
- How will work organisation take shape in the new sectors or renewed activities? How can social rights be extended to new subcontractors in the recycling value chain? What types of individual employment contracts will prevail, and what impact will this have on employees who have been working in the company for a long time?

Trade unionism and social dialogue can provide experience and understanding to address these issues. It will be important to have and support strong trade unionism in new sectors and circular activities as soon as possible to prevent distortion in wages and working conditions, and to work out solutions with employers and governments to minimise the negative impact on affected workers.

Trade unions as key players in the circular transition¹⁰

The transition to a circular economy requires a strong redesign of the organisation of the economy, especially in some industrial sectors. All these changes will have impacts on industries and workers. Trade unions are facing uncertainties and questions about the future of their industries, the skills and attractiveness of the sector, but also health and safety issues linked to recycling and new sustainable production processes. It is clear that they need to be involved in this move towards more circularity – in the interests of the workers and trade unions (jobs, decent work, wages, participation) and a broader societal agenda (health, living environment, purchasing power, social justice...).

Without the involvement of workers with their competences, a shift towards the circular economy will not succeed. They develop the innovations that are necessary and ensure their implementation in everyday operations. Workers are the actors of the transition and can be the driving force to change companies and industry for the better, from within.

In order to strengthen the role of trade unions in this circular transition, different levers available to take strong steps forward might be solicited:

- On the company level, raising awareness and acquiring knowledge about what the circular transition entails, its consequences, but also what possibilities and opportunities it offers for the company and employment. Only a perspective supported by workers can really make the transition happen. That knowledge must be put to work at all levels where trade unions are stakeholders, from making plans together to outlining trajectories and carrying out concrete actions.
- Information, consultation and participation of trade unions in appropriate bodies concerning the circular transition of the company and sectors.

¹⁰ In 2021 and 2022, industriAll Europe participated in a project funded by the European Commission (ESF) with two Belgian organisations ([reset.vlaanderen](#) and [Bond Beter Leefmilieu](#)) focusing on the role of trade unions in the transition towards a circular economy. These recommendations are one of the outcomes of the project and can be found in the final brochure available on industriAll Europe's website.

- Internal strengthening of union's department working on circular economy and the mainstreaming of circular economy for all sectors.
- Attention given to new circular activities and sectors and alignment of wages and working conditions with existing agreements to ensure that these jobs remain of good quality and attractive.
- Recruitment and organising in new circular sectors.
- Evaluation of the consequences of the transition to circular activities in existing collective agreements and evaluation if the scope should be revised to adapt to changes in activities, or if new ones should be created to cover new activities.

Our demands for a Just Transition towards a more circular economy

For industriAll Europe, the shift to a more circular economy has to be strongly integrated in the industrial policy, on the European, national and regional level. But circular policies must also have a strong social dimension which identifies the impacts on the quantity and quality of jobs, involvement of social partners, strong skills anticipation and programmes, health and safety at work and on the population. This circular transition will not happen if the social impacts are not correctly anticipated and assessed and if there is no strong social pillar that accompanies this systemic change.

A circular economy in Europe must lead to good jobs. For this to happen, stronger collective bargaining and social dialogue at all levels must be ensured. The transformation of industries must be anticipated and prepared with the involvement of workers and their unions. That is the only way to ensure a fair transition that leaves no worker and no region behind.

- **More circular economy:**

We need more investments, actions and support from the European Union, Member States and companies for this transition to happen effectively.

- We need consistent circular policies which include social, economic and environmental aspects. A silo approach, focusing on one aspect only will miss the objective of a more circular economy. The socio-economic dimensions should be fully integrated in circular economy policies.
- These policies, actions and supports must be at the heart of the EU's long-term industrial strategy and include all regions and territories. We must avoid reserving development of circular economy supports and projects only for certain territories or regions. Circular economy policies must support the EU cohesion objectives and not deepen divisions between regions. They must be developed with a clear local and regional approach and fully embedded in the regional industrial policy.
- Industries must commit rapidly to make sustainable products the norm, and an extension of the producer responsibility must be envisaged.
- Investments, stronger incentives and improved policy framework in collection and waste treatment systems, as well as a boost for recycling infrastructures, with targets set by the Member States, should be at the heart of national circular policies.
- All sectors are concerned and mainstreaming the circular approaches is essential for each of the industrial sectors.
- Affordable and sustainable supply of clean energy, coherent with the development of a circular industry is absolutely key to develop recycling activities

- A quick implementation of EU regulation to define and mandate eco-design standards will ensure that products are fit for the industrialised circular economy and the re-use of materials, but also designed for longevity and repairability.
 - Strong support for research and development is needed to enhance circular processes.
 - Green and social public procurement rules should play an important role in encouraging public authorities to invest in more sustainable products, noting that authorities have a responsibility to use public money to promote cohesive social and economic development, good quality employment and quality services and products.
- **Strong social pillar for circular economy policies**
 - We need quality jobs and this must be central when developing circular strategies for sectors or companies at the national level.
 - We also need a particular and strong attention to the health and safety of workers, as well as public health.
 - A strong focus on skills and competences must be included in European and national circular economy policies. These policies must encompass the development of circular economy education and competences, as well as upskilling and reskilling within the lifelong learning framework.
 - Educational institutions are also key to enable the transition to a circular mindset. The transition into circular societies is dependent on a mindset change and the continued education of future circular economy professionals. Public funding for educational institutions' research, development and innovation activities could be focused on circularity and building networks and sustainable ecosystems with businesses and the public sector.
 - Sustainable products should become the norm for companies, but also for consumers. This is why circular economy goods should be accessible for everyone, including lower-income households.
 - Transparency and information about circular goods should also include social aspects, such as working conditions, including secure employment, working time, adequate wages, social dialogue, freedom of association, existence of work councils, collective bargaining, including the rate of workers covered by collective agreements, information, consultation and participation, rights of workers, work-life balance and health and safety.
 - Due diligence in accordance with international and European labour standards and social dialogue in all parts of the circular economy need to be ensured. Workers must have the right and possibility to organise in all segments of the circular economy. Right to collective agreements must be secured.
 - **A Just Transition towards a circular economy**
 - Real strategies to prepare the labour market for the transition: this means greater attention to vocational training, prospective studies and granular mapping to identify future needs in regions in terms of skills.
 - Transformation must be better anticipated and prepared with the involvement of workers in the trade unions.

- **More social dialogue for a circular economy:**
 - In 2021, the European social partners co-signed [joint recommendations on circular economy in the framework of social dialogue](#). IndustriAll Europe fully commits to these recommendations.

Annex/

Making sustainable products the norm to move towards a more circular economy

IndustriAll Europe's assessment of the first Circular Economy Package (2022)

In 2020, the European Commission adopted a new Circular Economy Action Plan, presenting an holistic approach to the Circular Economy transition. No single legislative framework has been presented since then, but various actions, initiatives and legal provisions have followed. Among them, the European Commission adopted a package of proposals on 30 March 2022 to speed up the transition towards a circular economy, to make sustainable products the norm in the EU, and to boost circular business models and empower consumers for the green transition.

IndustriAll Europe therefore welcomes this package, as it will considerably boost the much-needed transition towards a circular economy, if correctly designed and implemented. It comes at the right time to achieve our climate goals and working towards European energy and raw materials independence¹¹. Unfortunately, it fails to integrate a Just Transition agenda and social criteria in its work towards more sustainable products.

Unpacking the Circular Economy Package

The Circular Economy Package presented by the European Commission in March 2022 contains different initiatives:

- A communication on making sustainable products the norm.
- The Ecodesign for Sustainable Products Regulation and a Work Plan 2022-2024 which focuses on energy products until the new Regulation enters into force. It will establish the framework for setting minimum criteria for specific product categories to significantly improve their energy performance, their circularity and other environmental sustainability aspects. These new rules will cover almost all the products on the EU market. The aim of this harmonisation is also to help to avoid market distortions in the Single Market.
- New proposals to empower consumers in the green transition, proposed via amendments to the existing consumer legislation, and that give more stringent rules for countering early obsolescence and greenwashing.
- The new Textiles Strategy, which explains the EU plans for new policies to bring more sustainability to the textile sector.¹²
- A revision of the Construction Products Regulation, fit for sustainability and climate objectives.

The first Circular Economy Package presented in March 2022 will be complemented by a second Circular Economy Package to be presented in November 2022. The second package will contain a proposal for a regulation on substantiating environmental claims; a policy framework for bio-based, biodegradable and compostable plastics; a review of the Packaging and Packaging Waste Directive; a revision of EU chemicals legislation; new measures to reduce the release of microplastics in the environment; and a proposal on promoting the right to repair.

¹¹ See industriAll Europe's recommendations for critical raw materials resilience here: [DE EN FR](#)

¹² industriAll Europe's position paper: [EN, DE, FR](#)

Our assessments

This Circular Economy Package shows that the European Commission raises its ambitions to accelerate the transition towards a more circular economy. It arrives at the right moment regarding the need for EU industries to have more strategic autonomy in terms of raw materials, but also because of the energy prices crisis. IndustriAll Europe thus welcomes this package. But unfortunately, the social dimension is completely missing and could therefore jeopardise the shift to a more circular economy. We are also concerned about the possibility introduced in the package of industries' self-regulation. This Circular Economy Package will push for a concrete transition to more circular product manufacturing, but a clear and strong Just Transition agenda is completely missing. Indeed, there is an urgent need:

- To link this with a consistent industrial policy, fit for circularity and with good quality jobs
- To see clear commitments to funding
- To involve social partners and support strong collective bargaining
- To anticipate and shape the change
- To tackle new skills needs and support the right to quality training and lifelong learning. Thus, we support the reference to the European Skills Agenda as investment in skills is indispensable for the development of a circular economy. This must be central and at the heart of the strategy.

On the Ecodesign For Sustainable Products Regulation, industriAll Europe is calling:

- To include social aspects in the definition of sustainability, which in this proposal, only cover environmental requirements. A sustainable product should guarantee that it is a product made under good working conditions and adequate wages, notably guaranteed via collective bargaining. Truly sustainable products are made under good working conditions.
- To fully integrate social principles in the regulation. These principles must respect international labour standards, such as the respect of social dialogue and collective bargaining at all levels (company and sector) and respect the ILO labour standards. The eight ILO fundamental conventions must be the key principles, completed with supplementary provisions (such as the principles included in the Ecolabel criteria for electronics¹³)
- To deliver transparent and accessible Information in the digital product passport on:
 - Working conditions, including secure employment, working time and adequate wages
 - Social dialogue, including freedom of association, existence of work councils, collective bargaining (including the rate of workers covered by collective agreements) and rights of workers to information, consultation and participation.
 - Work-life balance and health and safety
- To link and define the social aspects of sustainability in coherence with the principles developed in the European Pillar of Social Rights.

For the second Circular Economy Package which is due to be published in November 2022, industriAll Europe is strongly calling to take into consideration the social dimension of the transition to a more circular economy. For us, this means that each initiative, action and legislation must be accompanied by effective

¹³ a) Working Hours: (i) ILO Hours of Work (Industry) Convention, 1919 (No 1); (b) Remuneration: (i) ILO Minimum Wage Fixing Convention, 1970 (No 131) (ii) Living wage: The applicant shall ensure that wages (excluding any taxes, bonuses, allowances, or overtime wages) paid for a normal work week (not exceeding 48 hours) shall be sufficient to afford basic needs (housing, energy, nutrition, clothing, health care, education, potable water, childcare, and transportation) of the worker and of a family of four people, and to provide some discretionary income. Implementation should be audited with reference to SA8000(9) guidance on 'Remuneration'; (c) Health & Safety: (i) ILO Safety in the use of chemicals at work Convention, 1990 (No 170); (ii) ILO Occupational Safety and Health Convention, 1981 (No 155).

measures to secure a Just Transition for European workers. EU legislation and programmes making up the Commission's Just Transition Agenda must be strengthened, particularly those addressing the employment dimension, social dialogue mechanisms and collective bargaining, workers' participation and workers' rights.