Repair and Re-Use are the supreme disciplines of circular economy

Global resource use (extraction and processing of raw materials) causes 50% of global greenhouse gas emissions and 90% of biodiversity loss and water stress (UN Environment, 2020). **Increasing the proportion of re-use extends the useful life of many products** that are particularly energy-intensive in new production and consequently **reduces energy consumption and use of resources** with a positive climate and environmental impact (Steiner et al., 2005). Further, the increased utilisation of products and components already in circulation regionally helps reducing dependence on raw materials and therefore **contributes to security of supply and the fulfilment of social responsibility.**

The members of the EU umbrella organisation RREUSE were able to extend the lifespan of products by 270,000 tonnes in 2020. This corresponds to the CO2 emissions of around 170,000 EU citizens (RREUSE, 2022). At the same time, the RREUSE member companies created between 20 and 40 jobs per 1000 tonnes of products and materials collected.

The **European Green Deal** Europe's new agenda for sustainable growth aims to transform the EU economy into a competitive, resource-efficient, and climate-neutral economy by 2050. The **Circular Economy Action Plans** are the main pillars of the European Green Deal. They already contain legislative and non-legislative measures along the entire life cycle of products, aiming to ensure that resources used are kept in the EU economy for as long as possible. The EU proposal for a "right to repair" (Proposal for a DIRECTIVE OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL on common rules promoting the repair of goods and amending Regulation (EU) 2017/2394, Directives (EU) 2019/771 and (EU) 2020/1828) complements several other proposals presented by the Commission. On the supply side, the Ecodesign Regulation for Sustainable Products promotes the reparability of products. On the demand side, the proposal for a directive on consumer empowerment for the green transition enables consumers to make informed purchasing decisions at the point of sale.

Market failure determines the competitive environment for re-use and repair businesses

Even though the EU has made significant steps in the right direction, there is no competitive environment in place for the re-use sector, in which mainly social enterprises are active (Re-Use Austria & Arbeit+, 2023). **Repair and re-use, being labour intensive activities, are too expensive due to market failure: the double exploitation (raw materials in the global South, labour in emerging countries)** makes prices for new appliances too cheap (= externalization of costs) and at the same time labour costs and the costs of spare parts in the EU are too high (Eisenriegler, 2023b). Compared to industrially standardized mass production, the **re-use sector is characterized by enormous complexity, which makes the efficient implementation of reverse logistics more difficult**. Re-use companies largely work across brands and are confronted with **uncertainties regarding the quality and availability times and quantities of used products**. Finally, the remanufacturing and/or refurbishment of used goods involves a **high degree of manual work** and therefore requires detailed capacity planning. This leaves the re-use sector operating primarily in the social, subsidized sector (e.g., Work Integration Social Enterprises; see Rama, 2021), which is at the mercy of political dynamics, although the positive economic impact can outweigh that of industrial production. **Further steps must now be prepared, implemented, and reviewed to promote repair and re-use**.

MAKE CIRCULARITY WORK FOR PEOPLE, CITIES, AND REGIONS

We encourage the EU to make the necessary steps in **continuing the transformation** of the linear economy **into a circular economy** addressing all levels of the circular economy principle:

- **Introduce legally binding targets** for the quantity of raw materials placed on the market, as well as for waste prevention (including repair), re-use, preparing for re-use and, as the last resort of circularity, recycling in EU and national waste laws drawing inspiration from Member States and regions which already have them in place.
- **Support the establishment of a repair and re-use market** by removing barriers that distort competition.
- Creating, facilitating, and strengthening **access to WEEE** for repair and re-use companies

Direct help for repair and re-use businesses through measures to reduce repair/re-use costs, e.g., by

- introducing an EU-wide **repair bonus (R.U.S.Z, 2023)**
- introducing requirements for the **standardisation of components** to improve the availability of spare parts and reduce their costs
- ensuring that **Extended Producer Responsibility (EPR)** schemes support the top of the EU waste hierarchy, notably by fixing a proportion of EPR fees to re-use, repair, and preparation for re-use activities
- ensuring that the **digital product passport** not only contains information on how the product should be recycled at the end of life, but also on how the product can be repaired / re-used and ensuring that information contained in the digital product passport is also available to the repair and re-use sector
- providing **financial incentives** to help develop re-use and repair activities of smaller entities and networks in the circular economy by making investments and funding more easily accessible for them
- ensuring that calls for funding proposals reward circular and social thinking
- prohibiting subsidies for premature replacement, e.g. due to energy efficiency considerations, of functioning appliances
- ensuring that Member States set **reduced Value Added Tax (VAT) rates** for activities contributing to environmental improvement, notably re-use and repair
- **implementing an EU-wide socially balanced, genuine ecological tax reform**: (critical) raw materials and CO2 emissions must be taxed, labour costs must be reduced
- implementing an EU-wide regulation for advertising by using it against information asymmetry, prohibiting the emotional character of ads and introducing effective measures against greenwashing

Our project: OPENing Re-Use

The **OPENing Re-Use** project (Optimal Planning Decisions in the Re-Use Sector) aims to make the selection from an excessive quantity and variety of used products so efficient that re-use becomes competitive again for companies compared to new production. This ensures the supply capability of re-use products and at the same time increases the economic attractiveness of the re-use sector.

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