Summary of Proposal for Implementation of a Circular Economy that Will Contribute to Resource Security

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Keidanren (Japan Business Federation)

➢ **January 2026: Dispatch of Keidanren's Circular Economy (CE) Mission to Europe (Finland and Germany)**

- The EU has taken account of current geopolitical threats and redefined CE policy beyond environmental aims as policy for ensuring resource security and strengthening industrial competitiveness.
- The mission confirmed that the EU's guiding principle is to build circular value chains to minimize outflow of mineral resources from its territory and retain mineral and metal resources.

➢ **Need for resource security measures based on implementation of a circular economy**

- Given the concentration of rare metals and other critical minerals in certain countries, geopolitical risk affecting minerals, metals, and related resources has increased and international competition for acquiring such resources has intensified.
- As an island country with few resources that has developed based on manufacturing industry, Japan needs to pull together as a nation to improve its resource security measures.
- In addition to further efforts to acquire primary resources (through [1] building up national stockpiles, [2] diversifying procurement sources through collaboration between the public and private sectors, and [3] providing support at the extraction and smelting stages), an urban mine strategy for making strategic use of secondary (i.e., recycled) resources including plastics should be incorporated into Japan's Growth Strategy formulated by the Takaichi administration. As the transition to a circular economy is a national strategy, an urban mine strategy should be placed at its heart and pursued vigorously through collaboration among industry, government, and academia.

Improving Japan's circular economy policy to enable strategic use of secondary (i.e., recycled) resources:

Formulate a strategic action plan for urban mines to accelerate the achievement of a circular economy

- Implement short-, medium-, and long-term measures based on the supply-demand balance and outlook while ensuring compatibility with green transformation in terms of economic security, growth strategy, and environmental conservation.
- Formulate policies based on factors including the supply-demand balance, and recycling situation, for each material and product. Avoid relying solely on green transformation (GX) financing through GX Economy Transition Bonds, and also consider funding from the general budget and other sources.

1. Improve environmentally conscious design for products, etc. at the manufacturing stage

- From the design stage, companies need to reduce their use of minerals, metals, and related resources, while facilitating dismantling, separation, and recycling, developing alternative materials, extending product lifespans, and switching to mono-materials.
- Taking into account material and product characteristics, as well as the product lifecycle from supply of materials, production, and provision to consumers to end-of-life collection or recovery, it is important to collaborate with relevant industries and consumers.
- The government should provide policy-based support for companies' technology development and investments in R&D.

2. Improve the recycled resource supply system to facilitate stable supply of resources and a more resilient supply chain

(1) Enhance recycling sites in Japan and turn them into a network

- To ensure a stable supply of base metals, rare metals, and other mineral resources, and to improve the resilience of Japan's recycled materials supply chain to reliably supply secondary materials of the quality and volume that essential industries require, Japan should develop its resource recycling industry as a growth industry that can play a key role in resource recycling internationally.
- Provide financial support ensuring investment predictability (enhance and promote networking of recycling sites in Japan; support capital investment and recycling technology development).
- Given that the costs of secondary resources are higher than those of primary resources, policy-based measures need to be considered for particularly critical minerals.
- Improving recycling of resources such as automotive lithium-ion batteries and solar panels within Japan requires urgent creation of an ecosystem based on collaboration with multiple related industries.

(2) Improve Japan's system for collection or recovery of end-of-life products and parts

- To reduce costs by achieving economies of scale, the key will be to collect or recover more e-scrap and other end-of-life products and parts both in Japan and overseas.
- A medium- to long-term challenge is to deepen discussions, for each resource and product type, about developing an effective collection/sorting system in terms of quality, quantity, and cost.
- The Japanese government should utilize the Act Concerning Sophistication of Recycling Business, etc. and other means to make it easier for outstanding industrial waste disposal companies to handle disposal across multiple municipalities and to simplify procedures.

(3) Create and retain demand for secondary resources

- Strengthen collaboration between "arterial" companies and "venous" companies, e.g., by promoting use of long-term sales agreements or investment agreements that take into account factors such as the extent to which each material or commodity is recycled.
- Conduct campaigns to raise awareness among consumers by creating more widespread acceptance of products that include recycled materials and encouraging recovery of resources. Provide incentives for consumers. Take the initiative through public procurement.

(4) Strengthen measures to prevent the outflow of resources from Japan

- Prevent illicit export of resources by strengthening collaboration among the relevant ministries' regional organizations, tightening regulations targeting illegitimate container yards at ports, and improving measures in collaboration with local governments and police.
- Promote data linkage that will help to prevent end-of-life products containing critical minerals, etc. from flowing overseas (i.e., through development and real-world implementation of a resource recycling database, etc.).

3. Strengthen Japan's role as a hub within an international resource recycling network

- Simplify importing procedures for e-scrap and other recyclable resources and facilitate import-export procedures between Japan and the EU.
- Support countries in ASEAN and elsewhere with the development and implementation of laws to promote the proper disposal of waste and encourage recycling. Collaborate more closely with Japanese companies operating businesses in ASEAN countries, etc.
- Collaborate with the EU and other like-minded countries to implement a circular economy by sharing experience and expertise, and lead the formulation of international standards.

4. Strengthen collaboration and raise awareness among consumers

- Promote collaboration among different industries, arterial and venous companies, and industry, government, and academia by leveraging the initiatives of J4CE, the CPs, the Resource Circulation for Municipalities Forum, etc. Pursue regional revitalization by implementing circular economies in communities.
- Collaborate among industry, government, and academia and provide support for universities, other educational institutions, and research institutes to recruit and train personnel responsible for resource recycling, and reduce workloads and number of personnel required.
- Use GREEN×EXPO 2027 to raise awareness among consumers and foster momentum throughout society for implementing a circular economy.

■ **The transition to a circular economy is not simply a matter of environmental policy; it relates directly to economic security.**

Implementation of a circular economy will be key to generating recycling of strategic resources in Japan and ensuring Japan's autonomy and indispensability to the international community.

■ Keidanren will continue working with its member companies and organizations to achieve a circular economy that will contribute to Japan's resource security.