

Driving Urban Transitions (DUT) feedback to the Circular Economy Act

This position reflects a joint contribution from the Driving Urban Transitions (DUT) Partnership, prepared by Formas, RISE, DUT project representatives, and Bax Innovation, anchored in the expertise of scholars from nine DUT-funded Circular Urban Economies projects. The text summarises findings from written feedback and a workshop held on 22 October 2025.

The DUT Partnership funds transformative research and innovation projects to accelerate urban transitions towards a climate neutral and resilient future for all. DUT supports the commission's goal to accelerate the circular economy and the development of the Act.

In collaboration with DUT Projects, we formulated 4 key priorities to strengthen the current objectives and policy options of the Act.

1. Cities as key enablers of circularity

Cities must be recognised as key enablers and laboratories for the circular economy. They are where most consumption and waste generation occur, but also where crucial resource flows, skills, and innovation capacities converge. The Act should explicitly empower cities to act as resource managers, bridging urban-rural loops and localising circular practices where feasible. To enable this, cities need clearer mandates, regulatory flexibility in waste classification, and dedicated EU funding to scale successful pilots. Urban-business collaboration and inter-municipal coordination should be encouraged to drive systemic change.

2. Beyond recycling: prioritising prevention and value retention

The Act's focus on recycling and secondary raw materials is too narrow. It must embed a hierarchy of circular actions - the 7 R's - prioritising waste prevention, reuse, sharing, reparability, and design for longevity. In the built environment, the most circular building is the one not newly constructed. Rather, re-use existing structures, design for multipurpose use, and plan at neighbourhood level, integrating blue-green infrastructure, nature-based solutions and other natural systems which are circular by nature. Circular construction must evolve from material management to systemic urban design.

3. Economic and fiscal coherence

Circularity will not advance if linear options remain cheaper. The Act should promote internalisation of environmental costs by taxing non-durable, non-repairable products and exploring coordinated fiscal incentives. Tax systems should be aligned across jurisdictions to support circular value chains, for example, matching incentives for regions producing secondary materials with those using them, creating integrated fiscal frameworks that reinforce circularity. Secondary materials are not too expensive; primary materials are too cheap because their externalities are excluded. EU action should level economic conditions through coherent taxation and market incentives that favour circular business models and stimulate demand through requirements that make purchasing and public procurement more circular.

4. Social inclusion and behavioural change

To be effective, the Act needs to be informed by a systemic understanding of circularity, where resource flows are embedded in a societal context. Circularity must be people-centred and a just transition requires investment in skills and capacity building. The Act should therefore be clearly aligned with the Clean Industrial Deal's ambitions to create high-quality jobs. However, an efficient

circular economy also requires the recognition of the value of local and community-based repair and recycling actors, such as grassroots waste collectors or food-saving initiatives. They contribute significantly and deserve recognition and integration into local strategies. Education at all levels and incentive systems are essential to address behavioural biases and build public support for circular lifestyles.

Final remarks

Research, innovation, and education informed by a systemic perspective are vital for a thriving circular economy. A strategy for a circular economy needs to build on and support European R&I funding programs that advance state-of-the-art circular knowledge across the urban metabolism, from material and product design to social and governance innovations. Academic institutions and public research are key partners, driving innovation and shaping future professionals. Knowledge exchange, demonstration projects, and replication of proven practices should be explicitly supported.

Finally, circularity does not automatically mean sustainability. The Act must aim at sufficient consumption and ensure that resource savings exceed the inputs and impacts of circular processes. By empowering cities, aligning fiscal systems, valuing social innovation, and extending focus beyond recycling, the Circular Economy Act can become a cornerstone for a truly regenerative, inclusive, and knowledge-driven European economy.

Authors Björn Wallsten, Formas | Camilla Sandberg, Bax Innovation | Josefina Sallén, RISE | Karolina Vikingsson, RISE | Zoë de Jonge, Bax Innovation.

Contributors Alan Tkaczyk, University of Tartu Institute of Technology, CABA project | Chiara Pellegrini Eurac Research, ECLECTIC project | Cihan Kayaçetin, Bilkent University, Urban-CoLLaR project | Cristina Viano, Università degli Studi di Torino, CORPUS project | María José Zapata Campos, University of Gothenburg, Circular Grassroots project | Michael Martin, IVL Swedish Environmental Research Institute and KTH Royal Institute of Technology, FOCUSE project | Michael Søggaard Jørgensen, Aalborg University, TransScale project | Robert Boyer, RISE, CDCUL project | Vivek Voora, IVL Swedish Environmental Research Institute, NATURGO & FOCUSE projects.