Yulchon Legal Update

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2026 MCEE Key Policy Roadmap for Resource Circulation

Through its 2025 Presidential Briefing last December, the Ministry of Climate, Energy and Environment (the "**MCEE**") presented the "advancement of the transition to a circular economy" as a national priority mandate aimed at accelerating carbon neutrality. Accordingly, in the MCEE's 2026 Key Policy Implementation Plan (the "**Plan**") announced earlier this year, resource circulation was positioned as a core pillar for achieving both carbon neutrality and economic growth.

Building on this trajectory, in January 2026, the MCEE finalized and announced the 2026 Key Policy Roadmap of the Resources Circulation Bureau (the "**Roadmap**"), setting forth more concrete and action-oriented implementation measures. The Roadmap focuses on reinforcing the progress made since the current administration's inauguration in establishing resource-circulation frameworks for key materials—such as plastics and batteries—and on expediting the transition to a circular economy as a means of realizing carbon neutrality. The major initiatives contained in the Roadmap include, among others, **(i) establishing a comprehensive and finely integrated nationwide system for resource circulation, (ii) strengthening the structural foundations of the circular economy by facilitating effective circular use, and (iii) articulating a national vision for a sustainable circular economy**.

This newsletter outlines the key elements of the Roadmap, which will be rolled out in earnest beginning in 2026, and the implications for industry.

1. From Everyday Life to the Future: Embedding Circular Use as Standard Practice

Under the Roadmap, the Korean government is channeling its policy efforts into a transition from everyday consumption patterns built on a "consume-and-discard model" to long-term systems centered on the "reuse of multi-use containers." In parallel, it is rationalizing existing regulations on single-use products, placing top priority on on-the-ground feasibility. In particular, the administration aims to anchor circular-use models at major

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waste-generating nodes—such as funeral homes, large-scale business sites, and public institutions—thereby laying the groundwork for nationwide low-carbon circular economy. From a corporate perspective, the government's push marks the beginning of a transition that goes beyond cost reduction, requiring comprehensive revisions to internal operating guidelines and supply-chain management practices.

Specifically, single-use plastic cups that were previously subject to waste charges will be brought under the Extended Producer Responsibility (EPR) regime,[1)] and as of January 1, 2026, the scope of EPR for electrical and electronic products will expand from 50 designated items to cover all product categories. As a result, all manufacturers and importers of electronic products will be required to review item-specific collection targets and compliance systems. In the private sector, the biogas production target scheme will also enter full implementation, strengthening legal obligations regarding the energy recovery of biomass. On the industrial front, pilot projects will be launched to recover critical minerals from "future waste streams," including decommissioned telecommunications base-station equipment, lithium iron phosphate (LFP) batteries, and solar panels. Building on these efforts, the government plans to develop circular-use guidelines that clearly define the legal responsibilities of waste generators. In this context, the inaugural meeting of the "Governance for the Development of Critical Minerals Securing Strategy," held on January 27 at the MCEE annex, is expected to initiate the broad discussions on future waste streams, encompassing national and global trends, the state of technological development, and on-the-ground realities. At the meeting, the MCEE announced its plan to establish a collaborative governance framework with key public research institutions—including the National Institute of Environmental Research, the Korea Environment Institute, and the Korea Institute of Geoscience and Mineral Resources—to transform electronic waste that has historically been exported overseas or treated merely as scrap metal into high value-added secondary resources, and to ultimately develop practical and implementable recovery and recycling pathways.

Category	Key Changes in Resource Circulation Policy (Effective 2026)
Multi-Use Containers at Funeral Homes	▸ **(Reinforced)** Introduction of a phased adoption framework for multi-use containers, calibrated to industry readiness ▸ **(Reinforced)** Initiation of government support programs to facilitate the use of multi-use containers
Item-Specific Circular Use Systems	▸ **(New)** Establishment of a recycling system for institutional uniforms, including police apparel ▸ **(New)** Incorporation of single-use plastic cups into the EPR framework ▸ **(Reinforced)** Expansion of EPR coverage for electrical and electronic products from 50 designated items to all product categories

1) **Extended Producer Responsibility (EPR)** refers to an initiative under which producers (manufacturers and importers) of packaging materials and products are legally responsible for the collection and recycling of waste generated from those packaging materials and products.

Category	Key Changes in Resource Circulation Policy (Effective 2026)
Biomass-to-Energy Conversion	▸ **(Reinforced)** Extension of the biogas production target scheme beyond the public sector to include the private sector ▸ **(New)** Establishment of five biomass-based, energy-self-sufficient villages
Future Waste Streams	▸ **(New)** Launch of pilot projects for recovery and recycling of critical minerals from decommissioned telecommunications equipment ▸ **(New)** Formulation of a comprehensive management framework for end-of-life LFP batteries

2. Strengthening Structural Foundations of the Circular Economy through Facilitation of Effective Circular Use

Under the Roadmap, the government has committed to introducing a Korea-specific eco-design regime which reorients policy emphasis from "downstream waste management" toward "upstream product design" to (i) preemptively address increasingly stringent global environmental standards characterized by, among others, the enforcement of EU Ecodesign for Sustainable Products Regulation (ESPR)[2] and to (ii) embed environmental sustainability into the structural foundations of Korean industry. Furthermore, the government will prioritize support for material and chemical recycling over low-efficiency thermal recycling, to enhance the qualitative level of the circular economy and boost the industry's self-sustaining competitiveness.

To achieve these goals, the government plans to designate priority product categories to be covered in the initial rollout of eco-design standards, taking into account global trends and national industrial conditions and to develop design requirements through dedicated consultative bodies (e.g., forums). In addition, recycling subsidies will be increasingly differentiated to accelerate material and chemical recycling, while government-initiated regulatory sandbox programs will be introduced to allow temporary regulatory exemptions for empirically validating pyrolysis feedstock quality, alongside pilot projects aimed at establishing circular use systems for plastic film waste. Additional measures include (i) imposing recycling obligations on overseas direct-purchase platforms, (ii) introduction of "Circular Economy Regulatory Special Zones," in which waste regulations are waived for companies using industrial by-products within industrial complexes, and (iii) targeted support for leading firms and industrial complexes in the development of their implementation plans. Collectively, these steps are intended to encourage voluntary, company-driven transition to circular economy.

2) The EU's Ecodesign for Sustainable Products Regulation (ESPR) strengthens and expands the former Ecodesign Directive (2009/125/EC), broadening its coverage and establishing EU-level, integrated oversight over all products placed on the EU market.

Category	Key Changes in Resource Circulation Policy (Effective 2026)
Eco-friendly Design	▸ **(New)** Introduction of an eco-design framework, and launch of sector-specific consultative forums
Regulatory Blind Spots in Recycling Obligations	▸ **(New)** Establishment of measures to impose recycling obligations on overseas direct-purchase platforms
Industrial Support Measures	▸ **(New)** Designation of Circular Economy Regulatory Special Zones ▸ **(New)** Agreements and public commitments with 20 circular economy-leading companies and industrial complexes

3. Establishing National Vision for Sustainable Circular Economy

Under the Roadmap, the government plans to formulate the 1st Circular Economy Master Plan, a comprehensive plan spanning the ten-year period from 2027 to 2036. Designed to manage the entire lifecycle—from production and distribution to consumption and circular use—in a phased and systematic manner, the plan is intended to articulate the nation's mid- to long-term strategy and direction for the circular economy. The plan will be developed as an authoritative roadmap through an extensive process of public deliberation, including expert roundtables as well as consultative bodies involving the public and private sectors and coordination between central and local governments. Once finalized, it is expected to serve as a reference point for companies in shaping long-term business strategies, while providing a stable policy foundation for Korea's transition to circular economy.

To support this mid- to long-term strategy, the government is, in parallel, strengthening data and technological infrastructure to bolster the objectivity and enforceability of its policies. As its first step, the government is committed to institutionalizing material flow analysis (MFA) for major waste streams, including plastics, and establishing a dedicated statutory basis to underpin these efforts, thereby advancing the national statistical framework. At the same time, it aims to strengthen governance of the recycled-material certification system and to develop an integrated information platform that visualizes and disseminates relevant data in a systematic manner. The government further intends to deploy an AI-based waste discharge information system to improve accessibility for businesses and the public alike. Policy efforts will also focus on the full automation of dismantling and separation processes for end-of-life batteries, alongside the development of high-value material recovery technologies. Particular emphasis will be placed on the demonstration of rare-earth recovery technologies using permanent magnets contained in waste electrical and electronic equipment. Through these legal and technological initiatives, the government is dedicated to proactively addressing emerging supply challenges associated with future waste resources.

Category	Key Changes in Resource Circulation Policy (Effective 2026)
Mid- to Long-term Vision	▸ **(New)** Formulation of the 1st Circular Economy Master Plan
Science-Based Policy Foundation	▸ **(New)** Establishment of a statutory basis to advance Material Flow Analysis (MFA) ▸ **(New)** Development of an Information Strategy Plan (ISP) for an integrated circular-materials information system
Technological Innovation	▸ **(Reinforced)** Achievement of a 98% recovery rate for nickel and cobalt from waste batteries

4. Analysis of the MCEE's 2026 Policy Direction and the Roadmap for Resource Circulation

Two core themes running through the Plan can be summarized as two pillars: the "leveraging environmental regulation as a driver of industrial growth" and the "reinforcement of national resource security". Whereas earlier environmental policies centered primarily on pollution source control and waste management, the current policy direction positions resource circulation as a core national economic strategy—one aimed at mitigating supply-chain risks while strengthening the global competitiveness of Korea's green industries.

In particular, in line with the administration's call for "bold regulatory reform," as emphasized during the 2025 Presidential Briefing, the MCEE's approach has shifted decisively toward respecting corporate autonomy. In the field of resource circulation, this marks a departure from regulation focused narrowly on restricting emissions. Instead, policy now seeks to open legal pathways that allow companies to reintegrate industrial by-products into production processes—most notably through Circular Economy Regulatory Special Zones—while simultaneously supporting firms in securing an early foothold in global standards at the product design stage through the adoption of eco-design frameworks. This evolution underscores a broader institutional shift: resource circulation policy is no longer treated as a collection of siloed initiatives within the ministry, but has been elevated to a central pillar of MCEE's economic security strategy.

Category	Prior Approach	Current and Future Direction
Policy Goal	▸ Waste reduction and stability in waste treatment	▸ Securing resource sovereignty and fostering new industries
Regulatory Approach	▸ Positive regulation permitting only explicitly allowed activities	▸ Bold regulatory exemptions centered on special regulatory zones

Category	Prior Approach	Current and Future Direction
Response Focus	▸ Compliance with domestic environmental laws	▸ Response to global trade regulations and establishing corresponding export strategies
Technological Focus	▸ Incineration and low-value recycling	▸ High-purity resource recovery driven by AI and automation

5. Implications

Set out below are the principal implications that companies should take into account in light of the MCEE's Roadmap:

① With the scope of products subject to EPR obligations set to expand comprehensively, manufacturers and importers of electrical and electronic products are required to extend and reassess their recovery compliance frameworks, which had previously been limited to 50 designated product categories, to cover their full product portfolio. In particular, as disposable plastic cups—formerly subject to a waste charge—are incorporated into the EPR system, changes to cost structures are anticipated due to revised contribution rates and collection networks establishment. Relevant businesses should therefore carefully review the amended contribution rates and collection guidelines and assess their potential impact on profitability.

② In response to the strengthening of international environmental regulations, including the entry into force of the EU ESPR, companies should take early action to prepare for the introduction of "Korea-specific eco-design standards". Since companies will be required to ensure that environmental performance requirements—such as carbon footprint—are met from the product design stage, they should confirm whether their products fall within the eco-design priority categories to be designated by the government. Active participation in sector-specific consultative forums will be essential to assure that industry-specific manufacturing characteristics are appropriately reflected in the standards. This is not merely a matter of regulatory compliance but is directly linked to securing competitiveness within global supply chains.

③ The newly introduced "Circular Economy Regulatory Special Zones" are expected to provide a transformative cost-saving opportunity for companies seeking to autonomously reuse by-products generated within industrial complexes or individual facilities. As waste-related regulations covering the entire process—including collection, transportation, and transfer—will be exempted within these zones, a substantial reduction in administrative burdens is anticipated. Companies located in large-scale industrial complexes, as well as those in sectors generating significant by-products—such as steel, petrochemicals, and semiconductors—may consider developing in-house circular use models eligible for such exemptions to maximize operational efficiency.

④ As the recovery of critical minerals from "future waste streams"—including LFP batteries, solar panels, and decommissioned telecommunications equipment—emerges as a national priority, companies will need to familiarize themselves with the legal obligations to be set out in forthcoming circular use guidelines. In particular, recovery rates of key raw materials and the international competitiveness of recycling technologies are expected to become core indicators for future ESG disclosures and supply chain due diligence. Accordingly, strategies for securing recycled raw materials through technological innovation should be incorporated into mid- to long-term business plans.

The "1st National Circular Economy Master Plan," scheduled to take effect in 2027, will serve as a ten-year national roadmap and is expected to exert a significant influence on business management. As the government has announced plans to establish a statutory basis for MFA and to advance the national statistical framework, companies will be required to enhance the transparency of their waste-related data and to utilize recycled-material certification schemes, proactively establishing resource circulation management systems.

Yulchon continuously monitors the development of detailed guidelines issued by the MCEE and provides industry-specific advisory services tailored to corporate needs. Should you require more detailed legal advice in this regard, please feel free to contact us at any time.