EU Recyclers' **key policy asks** for the **Circular Economy Act**

CREATING A STRONG AND COMPETITIVE MARKET FOR RECYCLED MATERIALS IN EUROPE

Overview

Circularity is no longer a niche environmental ambition - it is fast **becoming a defining pillar of Europe's industrial strategy**. Amid mounting geopolitical pressures, volatile supply chains, and climate emergencies, the ability to retain materials, reduce resource dependence, and lower emissions has moved to the core of EU policymaking.

This shift is visible across several flagship initiatives: from the Green Deal to the Clean Industrial Deal and, most recently, the Commission's Steel and Metals Action Plan. In each case, the message is clear - **accelerating the circular economy is essential to securing Europe's economic resilience and decarbonisation agenda**.

Recycling, as a strategic enabler of circularity, plays a critical role. It reduces the EU's reliance on virgin raw materials, cuts energy use and carbon emissions, and supplies industries with locally sourced recycled materials. Yet the sector operates in a fragmented policy environment, under increasing pressure from export restrictions and unfair international competition.

The ***upcoming Circular Economy Act***, expected in 2026, represents a pivotal opportunity to address these challenges and **translate Europe's ambitions into functioning markets**, by removing obstacles to the free movement of recycled materials, and by creating strong demand for circular products.

In this context, EuRIC – the European Recycling Industries' Confederation – puts forward a **set of focused policy recommendations and asks**. These aim to unlock demand, establish a level playing field for recycled materials, and support the development of a globally competitive recycling industry aligned with the EU's environmental and strategic objectives.

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EURIC KEY POLICY ASKS:

A consistent EU policy framework across exports, imports and domestic demand

- Guarantee access to international markets for recycled materials with insufficient EU demand (see recycled steel, aluminium, paper), to ensure EU industry competitiveness.
- When exports restrictions are introduced (see for plastic waste), ensure the presence of a strong internal EU market to absorb the supply of recycled materials.

Boosting demand for recycled materials

- Promote recovery of critical raw materials.
- Introduce mandatory recycled content targets with strong verification and traceability mechanisms.
- Implement mandatory Green Public Procurement (GPP) criteria and fiscal and financial incentives (e.g. reduced VAT) for circular products.
- Adopt a risk-based approach with harmonised testing methods at industrial-scale.

Creating a strong single market for recycled materials

- Remove trade barriers among Member States through the development of EU-wide end-of-waste (EoW) criteria.
- Swiftly implement the new intra-EU waste shipment rules.
- Address Extended Producer Responsibility (EPR) schemes shortcomings and ensure effective implementation.
- Improve consistency in the enforcement and implementation of EU rules across M-S.

Accelerating the clean and circular transition

- Provide financial support to scale up and develop innovative recycling technologies, whilst addressing high energy costs, low demand and prices of recycled materials.
- Ensure simplified and accelerated permitting procedures, less bureaucracy and more digitalised processes.
- Address lithium-ion batteries fires in recycling.

1 A CONSISTENT EU POLICY FRAMEWORK ACROSS EXPORTS, IMPORTS AND DOMESTIC DEMAND

The EU's new Waste Shipment Regulation (2024), which imposes strict export control measures and a complete ban on plastic waste exports to non-OECD countries by 2026, necessitates a strong internal market for recycled materials.

Without such a market, the EU's recycling industry and its waste management systems, might collapse, with the consequences for the circular economy being disastrous. The lack of incentives to collect and recycle, would lead to more waste being incinerated or dumped in landfills instead of being recycled.

Access to international markets is vital for the competitiveness of the EU recycling industry - and for any other industry. Export restrictions on recycled materials would critically hamper EU recyclers competitiveness, discouraging collection and recycling efforts, leading to the closure of several recycling facilities, job losses, and reduced investments in innovation and new recycling capacities. A competitive supply of EU manufacturing industry with valuable recycled resources will only be possible through a globally competitive EU recycling industry.

At the same time, the previously mentioned ban on plastic waste exports will intensify the need to recycle more plastic within the EU, as well as to boost the EU demand for recycled plastic. However, **the EU market is being flooded with both imported virgin and recycled plastics from third countries at artificially low prices**. It is not consistent to restrict exports and at the same time, remain silent and indifferent to the unfair competition from third countries with lower environmental and labour standards. Currently, the European single market is the only market guaranteed by mandatory recycled content, thus driving the world's plastics recycling industry.

The EU faces a paradox: it leads the global market for recycled content, yet undermines its own recycling industry and puts at risk the circularity of its own waste, by allowing unrestricted imports of cheaper recyclates from countries with weaker environmental and social standards. The result is a lose-lose situation: consumers pay more for products with mandatory recycled content (when it's applied), while Europe's recycling industry is unable to further grow, stagnates and loses capacity—at a high environmental and industrial cost.

It is therefore clear that promoting recycled content from European waste while ensuring a level playing field with third countries is essential.

WE ASK FOR:

- **The establishment of separate international customs codes for virgin and recycled plastics related to their shipment, to better monitor global trade flows and detect potential dumping practices.**

- **Greater efficiency, consistency, and coherence in the EU regulatory framework governing the shipment of waste and recycled materials, taking into account domestic demand and the competitiveness of the EU recycling industry in a global market.**

2 BOOSTING DEMAND FOR RECYCLED MATERIALS

The Clean Industrial Deal (CID) sets an **ambitious target of increasing the circular material use rate (CMUR) from 11.8% today to 24% by 2030**. To manage to double this rate within the next five years, it is essential to implement concrete mechanisms that **reward the use of circular and recycled materials**.

In recent years, EU waste policy has primarily focused on setting collection and recycling targets to increase the circularity of value chains. However, experience has shown that to achieve higher collection and recycling rates, it is critical to shift focus towards measures that stimulate demand for recycled materials, particularly when the waste stream in question has a negative value (This occurs when the recycled materials recovered from the waste stream do not cover the costs of collection and treatment). Without a market for these materials, there can be no progress towards the CID's targets.

Recovery of Critical Raw Materials: Incentives for their uptake

The CID aims to propose additional measures to help meet the 25% recycling target set under the Critical Raw Materials Act. **In today's geopolitical climate, securing access to critical raw materials (CRM) is a universal priority**, as these materials are necessary for the development of new IT technologies, electric vehicles or renewable and clean technologies, etc.

Recovering materials from waste is therefore crucial to reducing the EU's dependence on third countries. However, while recycling technologies for some CRMs (such as palladium or copper), are well-established, the recovery of others, like permanent magnets in vehicles, remains economically unviable and is not yet supported by sufficient market demand. To scale up CRM recycling, targeted incentives are needed to boost the uptake of recycled CRMs and particularly, to level the playing field between recycled and virgin materials.

The EU must also ensure that EU recyclers have access to waste streams containing valuable resources, such as metals and CRMs. Policy intervention and enforcement should focus on ensuring that waste containing valuable resources is recycled in the EU. *For instance, while the EU's hazardous classification of black mass was introduced to retain this waste stream in Europe, such classification will make hinder its shipment and recycling within the EU.*

To avoid these obstacles that hinder circularity, **EU recyclers call for the adoption of an approach that recognises the strategic value of certain waste streams while preserving free movement across the EU.**

Recycled Content Targets

Recycled content targets are among the most efficient policy tools to incentivise the use of recycled materials and drive investments in circular value chains. It is essential to **extend the scope of recycled content to beyond plastics, to also include critical and base metals, tyres, construction materials and textiles**. This broader application will help decouple the price of recyclates from those of virgin materials.

Both product-specific legislation (such as for packaging, vehicles, electronics or construction), and horizontal legislation such as the Eco-design for Sustainable Products Regulation (ESPR) should implement ambitious measures to boost the use of recycled materials from post-consumer waste. Once these targets are set, it is crucial that **strong mechanisms of verification and traceability**, including third-party audits,are in place to ensure a level playing field. This is especially important for imported products and materials claiming recycled content.

Considering the above, **EuRIC calls for the implementation of "mirror clauses" to ensure that the collection, treatment and recycling of waste outside the EU complies with the same environmental, social and quality standards applied in the EU**. Without these safeguards, the European recycling industry will be at high risk, losing its competitiveness due to massive and fraudulent imports coming from third countries.

In addition, due to the crisis that the EU plastic recycling industry is facing and the upcoming ban on plastic exports to non-OECD countries next year, EuRIC urges policymakers to promote and prioritise the use of recyclates **"made in Europe"**. This can be achieved through dedicated quotas, targeted incentives, or the development of sustainability criteria.

Mandatory Green Public Procurement criteria

The implementation of mandatory measures to increase circularity in public procurement rules is crucial for stimulating the demand for recycled materials and contributing to the EU's decarbonisation objectives. When updating the Public Procurement Directive in 2026, the revision should be in line with reaching EU targets for circularity, and the upcoming Circular Economy Act.

Two significant sectors for GPP are construction and steel, accounting in 2019 respectively for 31% and 11% of the total market share of these materials [1]. Meaning that the public sector plays a crucial role in the decarbonisation of these industries. Additionally, in the case of paper, GPP can require a minimum percentage of recycled content in public procurement for office supplies, packaging, and printed materials.

Similarly, for textiles, GPP measures can ensure that workwear, uniforms, and textiles used in hospitals, municipalities, and public transport include a minimum amount of recycled textile content (coming mainly from post-consumer textile waste generated in the EU).

As for tyres, GPP can mandate the use of retreaded tyres for public vehicles and promote products made from end-of-life tyre (ELT) derived secondary raw materials for infrastructure, urban furniture, sound barriers, insulation, and rubber powder for bituminous and asphalt mixtures. In the plastics sector, GPP can enforce the use of recycled content in public-sector packaging, furniture and components of public infrastructure, as well as electronic and electrical equipment.

Green VAT initiative

The green VAT initiative aims to set tax reductions for ecological, sustainably-produced and environmentally friendly products in Europe. As part of it, the European Commission will address the issue of embedded VAT in second-hand products. **EuRIC calls for a lower VAT for recycled materials and products made of recycled material**, which can have a major impact on stimulating recycling. The Commission should add recycled materials and products on the list of products that can have a reduced VAT and make recommendations to Member States on such a lower VAT.

In addition, **recyclers in the EU should benefit from reduced VAT for their services to increase their competitiveness.**

Eco-design and implementing a risk-based approach

To increase the incorporation of recycled materials in new products and boost recycling, products need to be designed taking into account the end-of-life management. **Mandatory design-for-recycling criteria is key to enhance the quality of inputs to recycling process, and thus, key to deliver high-quality recycled materials.**

In this respect, the use of certain substances such as POPs and PFAS should be restricted to essential uses and phased out at design stage. Moreover, considering the presence of hazardous "legacy" substances and the prolonged life of certain products, a risk-based approach should be implemented in EU legislation. This means that **chemicals in waste should be regulated not only based on the hazardous properties but also on the level of risk they pose** (i.e. level of exposure). Otherwise, the economic viability of recyclers is at risk, leading to material losses in the recycling loop and jeopardising the circular economy.

When setting new thresholds, a harmonised, independent, scientific and verifiable test method available at industrial scale should be available both for recyclers and authorities challenging evidence.

[1] "Public procurement of steel and cement for construction. Assessing the potential of lead markets for green steel and cement in the EU", VUB, 2024

3 SINGLE MARKET FOR WASTE AND RECYCLED MATERIALS

To develop a strong market for recycled materials, it is essential to **remove trade barriers between Member States** and to ensure consistent interpretation of the legal status of recycled materials by competent authorities. Moreover, under EU waste shipment rules, the disagreement of competent authorities about the classification of a material as waste or non-waste results in more stringent waste shipment rules to apply.

Thus, **speeding up the adoption of EU-wide end-of-waste criteria is a requisite to create a well-functioning EU market for recycled raw materials,** provide legal certainty for all stakeholders and boost domestic demand.

The current procedure to develop such criteria is extremely resource-intensive for both the Commission and stakeholders. **The Commission could also recognise EoW criteria based on technical reports provided by the industry (and not only based on the JRC's recommendations)**. This is particularly relevant when the value chain agrees on common criteria, as is the case for rubber from end-of-life tyres[2], which facilitates the adoption at EU level.

Moreover, also with a view to accelerating and simplifying procedures, the Commission shall draw on the experience of Member States who have already established national end-of-waste criteria for certain flows. This is particularly relevant for criteria based on quality standards recognised at EU level, such as the European standard EN643 for paper and cardboard, already used as basis for end-of-waste criteria in several EU Member States

In the absence of European criteria, mutual recognition of national end-of-waste criteria, in line with article 6 of the Waste Framework Directive (WFD), should be ensured.

[2] End of life tyre rubber: assessment end-of-waste criteria. EuRIC & ETRMA Report. Available here

Practice-oriented implementation of new intra-EU waste shipment rules

EuRIC calls for a practice-oriented implementation of new rules and implementing acts in a way to facilitate cross-border recycling within the EU Single Market and easing administrative requirements for market actors. **Harmonised and practice-oriented rules are paramount for removing barriers to intra-EU shipments**, facilitating recycling operations within the EU Single Market and thus optimising the use of materials within the EU.

The newly adopted EU Waste Shipment Regulation 1157/2024 grants significant empowerment for the European Commission to detail rules on the shipment of intra-EU waste. This concerns for instance the:

- Digital system for waste shipment information
- Calculation methods of financial guarantees or equivalent insurances
- Harmonised criteria for distinction between used goods and waste
- Harmonised classifications and amendments of waste entries.

EuRIC underlines the need for additional measures on certain crucial aspects for intra-EU waste shipments, such as the submission of Annex VII documents, the procedure for pre-consents of facilities, and shipments for laboratory analysis and experimental trials. The digital system should be functional and be up and running before certain administration is required. **A streamline of procedure and adaptation of rules to the needs of the recycling sector to achieve EU circularity objectives** is absolutely crucial under this EU Circular Economy Act.

Extended Producer Responsibility (EPR)

The Circular Economy Act envisages action on Extended Producer Responsibility to enhance its digitalisation, simplification and targeted expansion. However, adjustments and a reorientation of EPR schemes need to be secured before going forward with such objectives.

Over the last decades, Extended Producer Responsibility (EPR) shemes have been set up to apply the “polluter-pays” principle. However, **there is no documentation that the recent multiplication of EPR schemes creates a more circular economy in the EU**. In fact, EPR schemes have largely failed to drive design for recycling. To this end, the eco-modulation of EPR fees regarding recyclability and recycled content target should be mandatory to stimulate demand for circular materials and drive eco-design.

In line with the principles of proportionality and subsidiarity, and before setting up new schemes, a socio-economic assessment of extended producer responsibility as a policy tool compared to alternative measures should be carried out. **When the waste stream in question has an overall positive economic value, EPR schemes are not necessary as their value is incentive enough in itself to cover the costs of their recycling**.

Hence, in alignment with open market principles, **EuRIC believes that EPR schemes should be introduced when there is a need to address cases of market failure rather than systematically, as not to overburden waste management and recycling companies.**

Preserving fair competition amongst European recyclers is vital for the industry to strive. It is essential to ensure that Producer Responsibility Organisations (PROs) are not market actors and do not offer operational services related to, for example, waste management, consultancy and advisory services, etc. Therefore, **PROs should be prohibited from having an operational role in the same market that they regulate and should only grant financial supports but no contracting**, as it would lead to a monopoly situation undermining the recycling industry to invest and innovate. Additionally, PROs should be required to be not-for-profit.

Moreover, EuRIC recommends that **EPR Schemes provide adequate representation of the waste management and recycling sectors** as a minimum requirement. This will ensure that there is an appropriate balance of interest amongst the most relevant actors in the value chain. The participation in the governing bodies of appointed representatives from the waste management and recycling industry, which are not directly involved as company representatives in tendering for calls opened by EPR schemes, would greatly improve the efficiency of EPR Schemes. It would also enable coordination between producers and recyclers, conducting recyclability assessments, setting up eco-modulation of fees, and favoring collaboration for better industrial planning.

Enforcement and implementation of EU rules

Ensuring the effective implementation of EU legislation across Member States is essential for establishing a unified EU Single Market for recycling. For example, Austria and Finland have not implemented the European Waste Catalogue (EWC) into national law. This makes it more difficult for Austrian and Finnish recycling companies to be competitive. It increases the bureaucratic burden due to the necessary conversion from a national code to the EWC coding in the event of cross-border shipment of waste. This inevitably leads to great legal uncertainty when assigning waste types to waste codes and classifying them as hazardous or non-hazardous waste.

4 ACCELERATING THE CLEAN AND CIRCULAR TRANSITION

The Clean Industrial Deal will offer financing options and addition support to energy-intensive industries and clean tech manufacturing projects in order to facilitate the decarbonisation of the EU economy.

However, **the EU recycling industry, which is also impacted by high energy prices, is often disregarded in these frameworks, as happens with the Net-Zero Industry Act (NZIA).** This highlights the need for stronger links between incentives for decarbonisation and circularity efforts. **EuRIC calls for the inclusion of the recycling technologies in the NZIA and the CID framework** (e.g. Competitiveness Fund), by recognising the role of recycling in achieving climate neutrality. By doing so, recyclers could benefit from investments in renewable energy, temporary financial support while prices are high or easier access to power purchase agreements.

Circular Economy Fund

To scale up recycling capacity in the EU and reach the 24% target of circular material use rate by 2030, the Clean Industrial Deal and the Circular Economy Act should facilitate financial support for the recycling industry, which is at the core of the decarbonisation.

On one hand, increasingly sophisticated recycling technologies, powered by advanced artificial intelligence-based sensor systems, are improving the sorting and quality of recycled materials, such as metals, critical raw materials, packaging and textiles. While these **technologies lead to significantly higher sorting accuracy, better recovery rates and improved quality grades, they also come with higher capital costs.** However, recent demand uncertainties have led to delays or cancellations of investments in new technologies and recycling facilities. Thus, a Circular Economy Fund is needed to support these investments on scaling up the recycling capacity and enhancing the quality and quantity of recycled materials.

On the other hand, some recycling sectors such as plastic recycling are experiencing an unprecedented crisis, with most of the facilities only using 50-60% of their capacity and some of them going bankrupt. **To avoid the destruction of this industry, immediate short-term financial relief should also be considered.** This is also the case for the textile collection, sorting for reuse, and recycling sector, which is also experiencing an unprecedented crisis since Spring 2024[3].

[3] Joint statement on EU's textiles sorting and recycling sector. Available here.

To avert widespread bankruptcies, immediate financial and legislative support is essential. **Short-term financial incentives for EU companies that contribute significantly to a sustainable circular textile chain are needed to safeguard the industry from collapsing.**

This could be achieved through an EU emergency package (using existing tools such as the Recovery and Resilience Fund) that would be repaid by the Producer Responsibility Organizations (PROs) once operational. EPR schemes typically have a high level of reserves when they are introduced, which could be used to repay this temporary funding mechanism. Existing EU funding opportunities for the textile sector[4] unfortunately fail to address the immediate financial pressures threatening the sector's survival.

Simplified permitting and reduced bureaucracy

Ensure simplified and accelerated permitting procedures, less bureaucracy and digitalised and functional processes is crucial to scale up recycling in the EU. The EU recycling industry faces significant delays due to complicated permitting processes for setting up new projects. **Projects contributing significantly to emissions reduction and resource recovery benefit from fast-track permitting procedures to enable quicker deployment of recycling infrastructure.**

To reduce administrative burdens, EuRIC calls for streamlining reporting frequences and processes (generalisation of the "only once principle"), effective and efficient digitalisation (databases, digital labels related to the Digital Product Passport) with agile digital processes (avoiding the need to report the same data on several different platforms), and simplified reporting criteria for the taxonomy.

Addressing lithium-ion batteries fires in recycling facilities. Financial support from EPR schemes.

In parallel, there is an urgent need to **develop insurance frameworks that reflect the growing fire risks associated with waste management and recycling operations** – risks that are a **direct result of the widespread presence of lithium-ion batteries** across different waste streams. Despite the implementation of fire prevention measures at recycling sites, many recyclers have reported being denied access to insurance coverage due to the perceived hazards, putting their businesses and infrastructure at risk.

This is a very real and immediate challenge for recyclers across Europe, and one that must be addressed through greater awareness and targeted policy support. Producer Responsibility Organisations (PROs) of under the Waste from Electrical and Electronic Equipment (WEEE) and Battery EPR Schemes should be required to finance awareness campaigns on how to properly sort waste containing lithium-ion batteries. They should also help cover the additional costs associated with the safe removal of these batteries prior to mechanical processing in recycling plants.

[4] Such as Horizon Europe, LIFE programme, InvestEU, and the Single Market Programme

EuRIC, the European Recycling Industries' Confederation is the umbrella organisation for the recycling industries in Europe. Through its 80 members from 23 European countries, EuRIC represents more than 5,500 large companies and SMEs involved in the recycling and trade of various resource streams. They represent a contribution of 95 billion EUR to the EU economy and 300,000 green and local jobs.

By turning waste into resources, recycling reintroduces valuable materials into value chains over and over again. By bridging circularity and climate neutrality, recyclers are pioneers in leading Europe's industrial transition.

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