



GREENS/EFA POLICY INPUTS FOR THE UPCOMING CIRCULAR ECONOMY ACT¹

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1. INTRODUCTION

In 2020, the Commission adopted the Circular Economy Action Plan, as one of the main building blocks of the Green Deal. During the 2019-2024 legislative period, several pieces of legislation were introduced and revamped as follow up to the Plan, to increase circularity of products and product value chains, including the Ecodesign for Sustainable Products Regulation, the Directive on Repair of Goods, the Regulation on Packaging Waste, the Batteries Regulation, the Construction Products Regulation, the Waste Framework Directive, etc.

In 2024, the new Commission announced their willingness to further strengthen the EU circular economy regulatory and investment framework, by proposing a Circular Economy Act in 2026, which could consist of amendments to existing legislation, brand-new legislation, and complementary measures, such as increased funding aiming at establishing a single market for circular and second hand products as well as for secondary raw materials and waste. This paper provides the Greens/EFA input to the public consultation that the Commission launched in August 2025 as they start preparing the Act. Besides suggestions for legislative amendments, this paper also recommends shifting up a gear on the implementation of existing provisions.

- **What is circular economy:**

- Circular economy means minimising our consumption and corresponding waste production to respect planetary boundaries.
- Circular economy means keeping materials and raw materials in closed and clean loops: design and produce products sustainably and free from toxic substances, use them for

¹ https://ec.europa.eu/info/law/better-regulation/have-your-say/initiatives/14812-Circular-Economy-Act_en

longer time, reuse them, repair them and finally recycle them. Waste becomes a design flaw.

- **What should the Circular Economy Act do:**
 - The Circular Economy Act should reduce Europe's resource use and environmental footprint to stay within planetary boundaries, by setting a framework for transitioning to a circular, non-toxic, single market, increasing European demand for circular products and services, and making circular business models the norm.
- **How will a fully circular economy benefit Europe:**
 - **Economic resilience and independence:** In an increasingly unstable and complex geopolitical context, circularity will allow the industry in our resource-scarce continent to break free from dependence on third countries' supplies and to no longer be the victim of export restrictions and price volatility. Our European industry will gain material self-sufficiency: it will use less material; it will import less material; imported material will stay in Europe through domestic refurbishment, remanufacturing, and recycling.
 - **Industrial competitiveness:**
 - Resources represent the largest input cost for the European manufacturing industry. More circularity will reduce such costs, improving the competitiveness of our companies.
 - While there may be job losses for linear businesses that do not adapt and for raw material suppliers, circularity will create new jobs in circular design, repair, refurbishment, recycling, and in organisations active in product-as-a-service and subscription-based models. Most of these jobs will be local and many will have a high societal value, as several social economy organisations are active in the circular economy sector (e.g. repair and distribution of used cloths, furniture, electrical equipment, etc).
 - **Peace:** fair resource use in Europe and internationally will reduce tension over the distribution of resources, thus strengthening peace and security.
 - **Climate & environment & health:** circularity will help slow down resource depletion, minimise pollution, greenhouse gas emissions, and harm to biodiversity and health from extraction and processing of virgin materials and from production, consumption, and waste management. Circularity will enable the achievement of our climate, pollution, and biodiversity objectives.
 - **Consumers:** consumers will buy products that last longer and are of higher quality. They will save money by less frequently having to replace their products, by buying refurbished products, by using rental and sharing services.

2. ADOPT A NEW SUSTAINABLE RESOURCE MANAGEMENT FRAMEWORK

For Europe's circular economy agenda to succeed, we need to set a clear direction of travel, as we have done for climate, renewables and energy efficiency. This is why **we need a governance framework**. The framework will be Europe's compass for the transition towards a fully circular economy. It will provide institutional focus, mainstream circular economy in other policy fields, and give certainty to investors and consumers.

- The framework should include European **binding, quantitative, circular economy targets, specifically on resource use**, complemented with differentiated targets for sectors and Member States, to take different contexts and starting points into account. Targets should be in line with planetary boundaries and the EU's fair share of the safe operating space available for the whole world.
- EU and Member States should develop **plans with strategies to achieve the targets**. These could be integrated into Member States' National Climate and Energy Plans for instance².
- Following the example of the EU Climate Law, an **EU Scientific Advisory Board on Sustainable Resource Management** should monitor progress and provide independent recommendations.
- A sustainable management framework including resource use targets would **implement a number of requirements and recommendations**:
 - The requirement set out in the **8th Environmental Action Programme** to “significantly decrease the Union's material and consumption footprints to bring them into planetary boundaries as soon as possible, including through the introduction of Union 2030 reduction targets, as appropriate”.
 - The **European Environmental Agency's** recommendations in its report on ‘Accelerating the Circular Economy in Europe - State and outlook 2024’.
 - The call in the **European Parliament's** Circular Economy Action Plan resolution on the Commission “to propose science-based, binding, near- and long-term targets to reduce the use of primary raw materials and environmental impacts, and to significantly reduce EU material and consumption footprints, building on the experience of Member States”.
 - The call in the **Environment Council** Conclusions of 17 June 2024 for “a framework that should set a long-term objective for sustainable resource use, include science-based targets, and a translation of these to national level, taking into account their specific circumstances”.

3. ENSURE A JUST TRANSITION TOWARDS CIRCULARITY

The shift towards a circular economy is projected to have a positive net impact on jobs. Job losses associated with declining linear manufacturing and virgin raw materials supply will be largely outweighed by new jobs in circular design, repair, refurbishment, recycling, and in product-as-a-service and rental/sharing activities. New jobs are poised to be more local and skilled, and many of them will be created by enterprises with a social purpose (e.g. repair and sale of used clothes, furniture, electrical

² e.g. as Flanders has done in the Belgian plan with its voluntary material footprint target of -30% by 2030.

equipment, etc.). However, for the transition to a circular - and, more generally, a greener - economy, to be socially successful, some EU rules and support are needed. We call for:

- **A Just Transition Directive.** Such Directive must require linear businesses to create Just Transition Plans that guarantee social dialogue, collective bargaining and participation of social stakeholders in strategic decisions concerning their future. The Directive must also require businesses to provide workers with the right to training for up-skilling and re-skilling during working hours. The Directive must be coupled with new funding to offer an economic safety net to workers in transition.
- **Social conditionalities in EU funds.** The Commission, together with social partners, should define a harmonised set of minimum social conditions across all Member States that must be fulfilled by companies that want to receive public funds to shift from linear to circular business models (e.g. decent wages and decent working conditions, job guarantees, public money used for investment instead of dividends for shareholders, etc.).
- **Support for making circular practices and products more affordable, especially for low-income citizens.** Parallel to helping make circular businesses more competitive vis-à-vis their linear competitors (see section 7), the EU must support the introduction by Member States of economic incentives for consumers such as reduced taxes or eco-vouchers for second-hand products, for repairs, and for the use of sharing platforms. These measures can be partially financed by Extended Producer Responsibility (EPR) schemes, and they must be coupled with measures to encourage circular practices (e.g. deposit refund schemes, pay-as-you-throw schemes, etc.).
- **Representation of workers in regular dialogues on the implementation of the EU's Sustainable Resource Management Framework.**

4. STRENGTHEN AND FULLY IMPLEMENT CIRCULARITY LEGISLATION

a) Achieve non-toxic material cycles via changes across all relevant legislation

Pollution from hazardous chemicals is growing, and so is its harm to both health and the environment. Circularity only works if poisonous substances are not put back into product cycles. Europe should therefore phase out all non-essential uses of substances of concern, delivering on the Chemical Strategy for Sustainability. We propose to do this through changes to all relevant pieces of legislation, both horizontal (REACH) and product-related ones.

b) EU Waste Framework Directive

The Waste Framework Directive (WFD) sets key principles and rules to reduce waste generation and to limit adverse impacts from waste management. The EU must deliver on its obligations from the latest revision round of the WFD, and go beyond those, prioritising resource prevention.

The Commission should propose the following measures:

- **Introduce waste reduction targets** for the most resource-intensive sectors (e.g. textiles and construction), with collection and preparing for re-use targets, separate from recycling ones (such assessment was due by end 2024).
- **Introduce deposit refund scheme obligations.**
- **Establish EU-wide end-of-waste criteria** for all relevant streams (using the implementing act empowerment). We need harmonised rules on when waste products, that were prepared for reuse or that were remanufactured, should no longer be treated as waste. This will help develop a single market for reused and remanufactured products (see section 5). A clear EU definition of 'by products' should also be established.
- **Introduce recycling targets** for the most resource-intensive sectors (an assessment was due by end 2024). We recommend providing a more granular definition of high-quality recycling and requiring a rising share of recycled products to comply with the definition to improve the quality of recycled materials (see also section 5).
- **Expand and strengthen Extended Producer Responsibility (EPR) schemes** (for more details, see section 5).
- **Require mandatory sorting of mixed municipal waste:** a lot of recyclable waste is still not collected separately, ends up with mixed municipal waste, and is eventually burned or landfilled, with consequent loss of valuable resources and environmental damage.
- In the context of defining how recycling targets should be met and how recycling efficiency should be defined, **material recycling should clearly take priority over chemical recycling.** The EU should lay down provisions to limit chemical recycling to materials that cannot be materially recycled. In addition, one should distinguish between different "chemical recycling" methods. Only depolymerisation should be considered chemical recycling. Thermal decomposition of plastics (pyrolysis and gasification) should rather be considered as chemical recovery. Given their lower levels of efficiency and recovery rates compared, depolymerisation should take priority over pyrolysis and gasification.

c) EU Landfilling Directive and EU Emissions Trading System

Waste incineration and landfilling are at the bottom of the waste hierarchy and outside of the circular economy. Incineration causes both pollution and greenhouse gas emissions. Legislation should therefore discourage both incineration (with or without heat recovery) and landfilling and reduce their climate and environmental impacts, through the following measures:

- **Include waste incineration (with and without energy recovery) under the EU Emissions Trading System (ETS)** as part of the foreseen 2026 review. By factoring in its GHG emission costs, this technology will be less economically attractive compared to practices that are higher up in the waste hierarchy.
- **Require landfill operators to measure and mitigate their methane emissions,** copying the approach of the Methane Regulation as regards methane emissions from the energy sector. Landfills currently emit a lot of methane (18% of total EU methane emissions): those emissions must be reduced.

- **Define “treatment” in a clear and meaningful way**, with a view to introducing a landfill acceptance criterion requiring that no municipal waste may be landfilled unless it comes from a facility that complies with the above definition.
- **Expand landfilling bans to problematic products and introduce new incineration bans**: the current landfilling-diversion target has not encouraged waste reduction or recycling but rather incineration, with several new plants built in recent years.

While recent and future measures will help reduce the amount of waste that is landfilled, landfills today, both the ones that are still open and the ones that have been closed, contain large quantities of valuable materials.

- **The Landfilling Directive should require Member States to increase the recovery of valuable raw materials at least from closed landfills**. This obligation will complement the provisions included in the Critical Raw Materials Act on the recovery of critical raw materials from extractive waste facilities.

d) Extractive Waste and Industrial Emissions Directives

Besides being responsible for high levels of greenhouse gas emissions, pollution, and land degradation, extractive activities also contribute to almost a quarter of total waste generated in the EU, and such waste poses a threat to ecosystems and human health. Measures to reduce consumption, to improve the circularity of product value chains, and to increase urban mining, will help contain mining needs, but they will not be enough. In parallel, the EU needs to **set out environmental standards**, as part of the Extractive Waste Directive and/or the Industrial Emissions Directive, which, besides minimising pollution and maximising safety, also **require the use of techniques that reduce mining waste and enable the recovery of valuable raw materials from mining waste**. This will complement the forthcoming obligation, set out in the Critical Raw Materials Act, on Member States to take measures to promote the recovery of critical raw materials from extractive waste.

e) Ecodesign for Sustainable Products Regulation

The Ecodesign for Sustainable Production regulation (ESPR) is one of the main pieces of legislation adopted under the Circular Economy Action Plan. By setting eco-design requirements for a large number of products, the ESPR should mainstream durability, reuse and reparability of products, and make products free of substances of concern.

We advocate for the following:

- **Add new products to the scope of the work plan** as soon as possible, notably chemical substances, including plastics, and attribute enough resources in the Commission to execute the work programme and to develop the ecodesign requirements for the different product groups, with the participation of civil society actors.
- **Focus on horizontal design requirements** such as making products free of substances of concern, introducing reparability, reusability or recyclability requirements as this will allow these features to be applied much faster across a broad range of products, thereby increasing the impact.

- **Develop EU-wide repair and durability scores** for a wide range of products, to provide more transparency to citizens and businesses about the most sustainable products and to make the application of circularity requirements in public procurement easier (see section 7). Such scores should be based on a comprehensive methodology, including price of spare parts, in order to be an effective tool for consumers and producers.
- **Introduce high quality recycling criteria and recycled content requirements** for products containing high-value and strategic materials and for resource-intensive products such as textiles. Requirements should be set for the recycling of post-consumer waste (as opposed to e.g. industrial scrap which is anyway recovered), their implementation should be ensured via independent verification/auditing (to avoid fraud), and mass balance accounting other than proportionate allocation should not be allowed.
- **Expand the ban of destruction of unsold textiles to more consumer products**, with electrical and electronic equipment as a priority, to discourage overproduction, reduce generation of waste and environmental harm, and prevent the loss of valuable resources. Bans already exist in several Member States³.
- **Apply very limited derogations to the ban on destruction of unsold consumer products, starting with textile products.** Exemptions as they are currently proposed under a public consultation⁴ include products deemed unsellable due to intellectual property rights issues, or products deemed unrepairable or rejected by social enterprises after donation attempts. Such wide exemptions risk creating a backdoor for companies to continue destroying functional goods.
- **Allow voluntary creation of Digital Product Passports by second-hand operators** to improve traceability and trust with regards to the contents and characteristics of the product.

f) Right to Repair Directive

This Directive is a first milestone for the development of a universal right to repair. The Directive requires regular updates of the products it covers⁵.

We urge the Commission to:

- **Regularly expand the list of products subject to repair requirements in Annex II**, as new eco-design requirements are developed under the ESPR.
- **Ensure access to spare parts, manuals and other repair and maintenance information** for all actors of the repair sector, not only authorised repairers, without discriminatory measures.
- **Ban anti-repair design practices, such as part-pairing, digital coding, serialisation** through secondary legislation, to overcome justifications such as “legitimate and objective factors” by manufacturers.
- **Adapt legal guarantee periods to estimated lifetime of products:** legal guarantee of conformity is of minimum 2 years in the EU, whatever the product. During this period, consumers can get

³ See for instance evidence in this note: https://eeb.org/wp-content/uploads/2024/04/Destruction-of-unsold-electronics_table_231031.pdf

⁴ https://ec.europa.eu/info/law/better-regulation/have-your-say/initiatives/14591-Sustainable-products-exemptions-to-prohibiting-the-destruction-of-unsold-apparel-and-footwear_en

⁵ https://www.eca.europa.eu/Lists/ECADocuments/RW21_04/RW_Electronic_Waste_EN.pdf

their product repaired or a new one, should any defect show up. This is too short for some products such as washing machines or dishwashers with an average lifetime of 10-15 years. Therefore, we will keep pushing for longer and differentiated periods of legal guarantee of conformity, better matching the estimated lifetime of a product-category.

g) Packaging and Packaging Waste Regulation

The secondary legislation to be adopted in relation to the recycled content requirements set out in this Regulation should deliver real circularity and environmental sustainability. As foreseen in the Regulation, the Commission should therefore **fully assess the environmental impacts** of different recycling technologies and **set meaningful sustainability criteria** for plastic recycling technologies.

h) Global Plastics Treaty and new EU plastics standards

Plastics waste and pollution are growing worldwide, and plastics recycling by EU businesses is being hampered by, on the one hand, very low virgin plastic prices from global virgin plastic production overcapacity, and, on the other hand, the growing variety of product plastics composition. The EU should take the lead in reviving negotiations and brokering a deal on a Global Plastics Treaty, capping plastics production worldwide. At the same time, the EU should complement its packaging rules with new standards requiring that certain products be produced only from certain materials combinations, thereby facilitating their recycling.

i) EU Waste Electronic and Electrical Equipment Directive

The amount of waste electrical and electronic equipment, such as mobile phones, computers and household appliances, widely known as WEEE or e-waste, generated every year in the EU is increasing rapidly: by 98% between 2013 and 2022. E-waste contains a complex mixture of materials, some of which are hazardous, and some of which are precious and critical.

The Waste Electronic and Electrical Equipment Directive (WEEE) Directive should be amended as follows:

- **Introduce quantitative targets to reduce the environmental footprint of electrical and electronic equipment:** this will incentivise waste prevention.
- **Replace the existing weight-based recovery, recycling and reuse targets with targets that are material-specific:** this will ensure that precious materials, which are abundant in WEEE, do not get lost and instead get properly recovered.
- **Turn the Directive into a Regulation** and set EU-level requirements based on national best practices, such as deposit-refund schemes. This will increase collection and recycling and create harmonisation, thereby reducing compliance costs for industries.
- **Introduce horizontal ecodesign and information requirements** that facilitate and prioritize longer lifetimes and repairability, ensuring easy and affordable replacement of spare parts and non-destructive disassembly to recover components and materials including CRMs. This includes phasing out substances of concern in alignment with the POP Regulation and the RoHS Directive, and in general restricting substances in line with the 2020 Chemicals Strategy for Sustainability and the Ecodesign Regulation.

- **Introduce recycled content targets for plastics in electrical and electronic equipment derived from post-consumer waste** to increase high-quality recycling and create demand, benefiting the recycling sector.
- **Improve both reuse and collection by separating collection and recycling objectives on the one hand, and reuse and preparing for reuse targets on the other hand**, as done by Member States like Spain, France and regions like Flanders and Wallonia, given evidence that this provides significant environmental and economic benefits⁶.
- **Apply the waste hierarchy in EPR fees**: provide higher financial support for the tonnage collected for successful preparation for re-use and re-use than for WEEE collected for recycling, ensure social economy actors can survive by earmarking a part of the EPR fees, ensure fees are modulated to prioritise circular design and waste prevention, and ensure that participation in collective WEEE collection and return systems is mandatory to achieve higher collection volumes and more access for consumers to such schemes.
- **Improve collection by making take back of electric and electronic equipment by all distributors who place these products on the market**, which is not the case today in some Member States, and create incentives via EPR schemes to reward high quality collection.
- **Introduce a Europeanwide repair index** to identify durable and repairable products through the WEEE Directive or as part of the ESPR.
- **Ban the sale of electric and electronic equipment by unregistered producers** to avoid non-compliance of EU legislation and the WEEE Directive via online sales.

i) End-of-Life Vehicles Regulation

The production of vehicles is one of the most resource-intensive industries. Europe's automotive sector is responsible for high percentages of overall demand for steel, plastics, aluminium, copper, rubber, and glass. Vehicles are outside of the ESPR scope. The End-of-Life Vehicles Regulation (ELVR), which is currently being negotiated, has the potential to reduce the materials and environmental footprint of this sector, by setting circularity requirements from vehicle design to end-of-life. While the Regulation contains a recycled plastic use requirement, the Commission needs to deliver swiftly on complementary, **ambitious recycled content obligations for steel, aluminium, copper**, and other materials, using the ELVR empowerment and in line with commitments made in the Steel and Metals Action Plan. This will lead to lower production footprint and increased quantity and quality of recycling.

j) Construction Products Regulation

The construction sector relies on highly carbon and resource intensive materials (e.g. cement, steel). Proper implementation of the Construction Products Regulation (CPR) will support the shift of this sector towards greater circularity, by incentivising investments and use of circular and sustainable construction products.

We recommend to Commission to:

⁶ European Commission – DG ENV (2022): Study on options for return schemes of mobile phones, tablets and other small electrical and electronic equipment in the EU, op.europa.eu/s/y0iB

- **Ensure proper implementation of sustainability rules** for construction products, with a focus on cement and steel products. Clear focus there should be on fostering reuse and recycling of such products to minimize waste and environmental impact (CO2 emissions, pollution).
- **Set out performance-based standards** to limit the environmental impact of construction products.
- **Define environmental performance labelling rules** that incentivize the use of bio-based and circular materials in the construction sector - such as timber and leem.
- **Introduce recycled content targets** for construction products with the view to reducing waste stemming from this sector (also through standardisation work, as technical specifications have been too vague so far).
- **Set standards and minimum requirements in the Ecodesign Regulation** if action under the CPR is unduly delayed. This requires the design of a proper implementation plan with products to be addressed as a priority in terms of sustainability/environmental impact.
- **Reduce the use of sand:** the unsustainable and growing exploitation of sand and associated enormous ecosystem damage should be halted, including via construction product standards that drive substitution and reduced use via efficiencies and recycling⁷.

5. HARMONISE WASTE DEFINITIONS AND RULES

a) Harmonise waste definitions

The Commission should:

- **Ease intra-EU shipments for remanufacturing:** End-of-waste criteria, if well designed and properly enforced, should clarify when a product or material is shipped for remanufacturing rather than recycling so that their intra-EU shipment for remanufacturing becomes easier⁸.
- **Ease intra-EU shipments for recycling:** Some waste streams are subject to unclear, absent or fragmented shipment rules for them to be recycled inside the EU in the most environmentally optimal way. We recommend to:
 - Add specific waste entries (e.g based on NZIA list of clean technologies) to the green list of waste.
 - Update and clarify other waste codes that are unclear or do not exist, which can prevent or slow down intra-EU recycling, as was recently done for battery black mass⁹ e.g, etc.

b) Harmonise Extended Producer Responsibility schemes

Extended Producer Responsibility (EPR) schemes can be an important tool to apply the “polluter pays principle” and incentivise design for circularity and collection and recycling of end-of-life products.

⁷ See <https://www.unep.org/resources/report/sand-and-sustainability-10-strategic-recommendations-avert-crisis>

⁸ End of waste criteria: should not undermine rules on shipment of waste. Candidate list for EoW criteria should be based on quantitative criteria like demand for secondary materials, and on qualitative criteria reflecting risk to health and environment.

⁹ This could include for instance wind turbine composite material, aluminium door frames

However, today EPR schemes have several short-comings: insufficient economic incentives, lack of systematic implementation of the waste hierarchy (narrow collection and recycling focus; no waste prevention and reuse incentives), governance issues, lack of liability, transparency and sanction mechanisms, etc.

To address these problems and to shift from waste management to resource efficiency and circularity under the EU Waste Framework Directive, EPR schemes should be reformed as follows:

- **Define EU-level criteria for EPR eco-modulation.** Eco-modulation means that EPR fees are not only based on volumes, but also on the sustainability of the products placed on the market. The Commission should define criteria for eco-modulation per product stream, considering the most relevant sustainability features. EU criteria will not only foster greater product sustainability; they will also simplify compliance for manufacturers. The Commission should start with the textile sector, using the empowerment contained in the WFD to harmonise criteria to modulate EPR fees, to disincentivise fast and ultra-fast fashion practices.
- **Harmonise definitions, principles and obligations** to reduce fragmentation across Member States
- **Require producers to join collective EPR schemes.** Besides creating economies of scale and simplifying administration for producers, collective schemes reduce the risk of free-riding and provide more transparency and accountability compared to individual EPR.
- **Create an independent European EPR advisory and monitoring body to monitor Producer Responsibility Organisations (PRO) performance** to address insufficient enforcement and free-riding practices. In light of proven frauds and malpractice, this EU body should step in to closely monitor PROs' performance, foster compliance, reduce administrative burdens, coordinate, provide policy support and training.
- **Require collective EPR schemes to meet minimum levels of accountability and transparency, and good governance** (e.g. to avoid cartels and dominant producers position).
- **Require new sectors to set up EPR schemes** (e.g. mattress as per current WFD plans but other strategic sectors too).
- **Expand EPR to finance prevention, reuse, and repair**, through EPR-financed repair and reuse funds, effectively creating a separate funding stream for waste management organized at national level and a funding stream for circularity transition harmonized at EU level. As a concrete example, we recommend using such funds to finance a repair bonus for consumers, such as the French bonus schemes providing discounts on repair costs for electrical/electronic goods, clothing, and footwear at certified workshops.
- Other suggestions to improve EPR to reach prevention, collection and recovery objectives:
 - **Set up a harmonised registration and reporting systems with EPR schemes for producers that sell in different MSs** (as registration systems vary, only exist in national language etc).
 - **Develop a transboundary EPR fee mechanism to support waste management outside the EU** without exporting EU waste challenges to other countries. Money paid to EPR schemes should follow products when they are exported to third countries.

6. KEEP VALUABLE MATERIAL IN THE EU, DRIVE CIRCULARITY OUTSIDE OF THE EU

a) Keep valuable material in the EU

Free trade in secondary raw materials promotes circularity by improving the domestic collection and processing of valuable resources, reducing dependence on primary raw materials. However, the EU exports a lot of valuable material coming from certain waste streams, depriving itself of the possibility to reuse such material and damaging the environment due to often less stringent recycling standards in the recipient countries. The Commission should:

- **Monitor trade flows of secondary raw materials and propose setting limits or introducing financial disincentives to the export of valuable materials, notably if there is evidence that outgoing volumes threaten domestic supply and consequently domestic manufacturing.** This could include export fees on metal and non-metal scrap containing critical raw materials, in order to address the risk of material leakage outside Europe, in line with the Critical Raw Materials Act.
- **Ensure full implementation of the Waste Shipment Regulation** so that 1) the restrictions to the export of waste are enforced - customs authorities need to be better equipped and staffed, 2) the exported waste is managed without endangering human health and in an environmentally sound manner, and 3) “equivalent treatment conditions” for environmentally sound waste management in third countries are really in place.
- **Establish detailed criteria to distinguish between used goods and waste** for specific substances or objects for which such a distinction is of importance for the export of waste from the Union to avoid that restrictions on waste shipment are unduly circumvented via fake used goods.

b) Drive circularity outside of the EU

- **The Commission should propose to expand the scope of the Carbon Border Adjustment Mechanism (CBAM) to chemicals and plastics** as part of the planned revision of CBAM, to make imports of virgin materials more expensive than secondary materials due to their higher carbon footprint.
- **In the ongoing negotiations of the customs reform, the EU should go full-steam ahead with the introduction of VAT and flat-fees on small parcels.** We strongly support the introduction of a handling-fee for goods sold online, as well as the removal of the de minimis threshold. The number of parcels containing non-circular products that are entering the EU, often travelling all the way from China and bought on-line, is growing dramatically. We need to discourage importers from flooding the single market with unsustainable products.
- **To address sustainability in e-commerce, online marketplaces should be required to introduce a search function for sustainable and circular products and to indicate the origin and composition of their sold goods as well as the environmental impact of different options of shipment.** This should be part of EPR enforcement in the first place to make sure online marketplaces place compliant products on the market, and then enlarged through specific Act to

all products. In order not to undermine competitiveness in the sector, it should target first Very Large Online Platforms (VLOPs) or business users above a certain turnover.

- **Ensure compliance by non-EU producers with EU standards for recycled products sold on the EU market:** as the EU introduces recycled content requirements for a variety of products, robust safeguards must be put in place to ensure that imported goods truly meet recycled content requirements; the Commission should propose extending the **mirror clauses** for imports and third-party audits from the Packaging and Packaging Waste Regulation to other products legislation with targets on recycled content. To ensure compliance of non-EU producers, we strongly support the Commission's idea of establishing an **EU market surveillance authority**.
- **Support compliance with EU circularity standards by businesses based in the poorest countries:** the EU should engage in early dialogue with its trading partners, especially the most vulnerable ones, to raise awareness about EU circularity standards, and it should provide financial support and capacity building to facilitate compliance by the lowest-income nations.
- **Introduce circularity chapters in trade agreements:** circularity is almost completely absent in trade agreements. The EU could try and introduce rules that favour imports of circular over non-circular products.

7. ADOPT FLANKING MEASURES (MORE FINANCE AND DIFFERENT PUBLIC PROCUREMENT AND SINGLE MARKET RULES)

a) Finance circular business models to help them compete with linear models

The European Investment Bank estimates that the investment gap in the circular economy in the EU amounts to 100 billion EUR per year. Public and private financing tools need to be used to accelerate investments into circular business models, away from dominating linear models.

To increase the share of **public** finance dedicated to circular economy, we call on the Commission to:

- **Increase the percentage of the EU Multiannual Financial Framework (MFF) that finances circular business models and prioritise waste prevention over waste management** (see ECA's report 17/2023).
- **Include circular economy-related products or projects as eligible under the new Industrial Decarbonisation Accelerator Act.**
- **Amend criteria under the EU Innovation Fund** to go beyond GHG emission impact to reward the positive impacts of circular choices.
- **Introduce a contracts-for-difference or feed-in-tariff regime for the (green) production of recycled materials**, e.g. for steel, aluminium or plastic to strengthen the competitiveness of those materials as compared to virgin ones.
- **Introduce auction-as-a-service and replicate the concept of hydrogen bank** for other clean and circular economy technologies.
- **Earmark ETS revenues**, notably by adding GHG emissions from incineration.

- **Use EU ‘own resources’**, e.g plastic tax and/or a tax on non-collected WEEE, to finance the circular economy, e.g. support to recycling facilities.

Public funding alone will not close the investment gap in the circular economy. We need the **private** sector to step up too. To leverage private sector’s investments, the EU should:

- **Create a circular economy risk scorecard to assess circular economy projects against linear projects, and integrate it in EU taxonomy rules**, using dedicated technical screening criteria for CE currently used by pioneering banks.
- **Harmonise EU-wide circular economy standards and performance metrics for financiers and investors** to steer capital towards CE businesses.

b) Leverage public procurement to create demand for circular products

Public authorities can and should play a key role in creating demand for green circular products and materials. Public procurement alone amounts to 2 trillion euros every year already, equivalent to about 14% of European GDP.

Therefore, we suggest the following:

- **Introduce simple sustainability criteria for public procurement in priority sectors** (ICT, textiles, vehicles, tyres) in line with the ESPR, as part of the revision of the EU Public Procurement Directives:
 - Amend public tender requirements so that every public tender includes at least one social and one environmental/circular requirement (such as: reused, refurbished, or repaired goods, resource efficiency, durability, recovery of products containing critical raw materials, and procurement of certified or ecolabelled products) as part of non-price criteria. Standardise procurement forms to incorporate such requirements by default.
 - Set targets for resource efficiency, share of reused, refurbished or repaired goods, recovery of products with critical raw materials
 - Set targets to procure X% certified (ecolabelled) products and services in certain categories, incentives for sharing concepts, targets to procure services instead of products.
 - Consider material/sector specific sub requirements (e.g permanent magnet recyclability).
 - Standardise terms such as ‘recyclability’, ‘repairability’, ‘reusability’ in PP criteria and develop standardised methodologies and labels to assess tenders and help contracting authorities.
- **Ensure that the above criteria can be easily implemented in practice by local authorities and companies** (e.g. a massive training program “Buy Circular” for local, regional and national governments and companies on how to integrate circularity in procurement).
- A systematic integration of environmental considerations in procurement rules could also boost demand in circular products for non-harmonised products (example: minimum recycled content for office supplies, paper, packaging, printed materials).

c) Improve single market rules to boost circularity (New Legislative Framework)

The current New Legislative Framework (NLF), in force since 2008, has improved the consistency and efficiency of product legislation in the single market through harmonised rules on conformity assessments, market surveillance and notified body accreditation. However, the evaluation performed in 2022 concluded that an update of those rules would be necessary to reflect changes to supply chains and support market developments.

We therefore support in particular the following changes as part of the revision of the New Legislative Framework:

- **Harmonised definitions** of refurbishers, repairers, sellers of pre-owned products to reflect changes in the value chains on top of a definition of “substantial modification of a product” to distinguish such modifications from routine repair and maintenance .
- **Specific obligations for each economic operator:** repairers and refurbishers do not always have access to the original documentation of the product and cannot be held liable for defects they would not be aware of. Ensuring appropriate obligations for each economic operator would close this gap.
- **Standardisation process and conformity assessment procedures** to remain cornerstones of the single market while a revision should ensure its inclusiveness in participation of various stakeholders.
- **Mandatory requirements for non-EU traders to appoint a responsible Person** within the EU with full legal and financial liability. This is relevant for the circular economy to ensure sanctions and remedies in case of non-compliant products being placed on market.
- **Uniform rules on Digital Product Passports** to grant access by repairers and refurbishers to information, especially for second-hand products.
- **Clarification how "placing on the market" applies to second-hand goods** given that the absence of a CE mark or (future) digital product passports may block such products from entering the EU market, and assess which regulatory roles distributors and refurbishers may assume when original manufacturers are unavailable or uncooperative.

In addition to rules on conformity and obligations for economic operators, some measures can be adopted to address unsustainable consumption patterns, be it through single market or consumer protection rules:

- **Ban of practices associated with or incentivising fast-fashion:** further to the adoption of anti-fast fashion law in France introducing measures to limit certain advertising practices and transparency requirements with regard to environmental performance, we call on the Commission to assess the feasibility and proportionality of similar measures at EU level. The reform of textile labelling should lead to more information to consumers on the sustainability, reparability and recyclability of their textiles.
- **Address marketing obsolescence via Regulation of advertising:** While advertising remains mainly self-regulated at national level, some elements can be addressed through EU consumer protection instruments to address “marketing obsolescence”. First step should target specifically

dark patterns online and influencers advertising as these two have already been identified as challenging under the Digital Fairness Check.