Circular Economy Act - *priorities for a competitive, resource-secure and predictable circular economy in the EU*

July 2026

STATE OF PLAY[1]

Circularity remains low. Only 12.2% of materials used in the EU came from recycled sources in 2024 - the highest share on record, but only 1.5 percentage points above 2010. The Clean Industrial Deal has raised the EU's 2030 target to 24%; on current trends the EU is not on track to reach it.

Large and uneven resource use. The EU generates around 5 tonnes of waste per inhabitant a year (2,233 million tonnes in total, 2022). Circularity performance diverges sharply across Member States, from 32.7% in the Netherlands to 1.3% in Romania.

Municipal recycling has plateaued. 48.1% of municipal waste was recycled in 2024, up from 43.0% a decade earlier but essentially flat since 2023 - pointing to sorting quality, separate collection and secondary-market demand as the binding constraints, not collection volumes alone.

THE ECONOMIC OPPORTUNITY

A significant, largely untapped upside. Circular economy activity today accounts for only around 2% of EU GDP and employment (OECD). The European Commission estimates eco-design, waste prevention and reuse measures could save EU businesses up to €600 billion a year, while a 30% gain in resource productivity by 2030 could add close to 1% to EU GDP and create 2 million jobs.

Trillion-euro scale benefits identified. Ellen MacArthur Foundation/McKinsey modelling puts the net economic benefit of circular economy adoption at up to €1.8 trillion for Europe by 2030 (€0.6 trillion in direct resource savings, €1.2 trillion in wider non-resource and externality benefits) - equivalent to a GDP gain of up to 7 percentage points versus the current trajectory.

But capturing it requires investment. The EEA estimates an annual investment gap of around €82 billion up to 2040 against already-adopted circular economy objectives; Trinomics (2024) puts total annual EU financing needs at around €55 billion. EIB lending to circularity projects reached only €3.8 billion over 2019-2023, underlining the gap between ambition and current financing flows - relevant context for calibrating any new obligations to the pace of infrastructure roll-out.

Sector-level growth potential. The European remanufacturing market is projected to grow from €31 billion today to €100 billion by 2030, creating roughly half a million jobs; more than 4 million people were already employed in EU circular economy sectors (recycling, repair, reuse) in 2021.

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[1] ***Sources:*** *Eurostat, Circular material use rate (2025); Eurostat, Municipal waste statistics (2026); Eurostat, Waste statistics (2024 data); Eurostat, Private investment, jobs and gross value added related to circular economy sectors; European Environment Agency, 8th EAP Monitoring Report (2025) and Unlocking the circular economy: investment needs, barriers and enabling conditions (2024); OECD, The Circular Economy in Cities and Regions of the European Union (2025); European Commission, Circular Economy Action Plan; Ellen MacArthur Foundation / McKinsey, Growth Within: A Circular Economy Vision for a Competitive Europe (2015); World Bank (2022, remanufacturing market); Trinomics (2024, financing needs).*

Key messages

Put the Single Market and the secondary raw materials market at the centre of the CEA. Ground the Act in an internal market legal basis (Article 114 TFEU) and deliver genuine harmonisation of EPR rules, End-of-Waste criteria and waste shipment requirements - the single biggest lever the CEA has to cut cost, unlock investment and lift the EU's secondary raw material share from 12% towards the 24% circularity target.

Secure fair, priority access to feedstock. Differentiate PET and other food-contact plastics from mixed plastic streams, and protect strategic aluminium (UBC) scrap from leakage through targeted, trade-compatible measures.

Close the virgin-recycled price gap smartly. Explore fiscal, operational and innovation-based incentives, backed by robust impact assessments, before introducing new fiscal measures or penalties.

Consolidate before adding. Let SUPD, PPWR, WEEE and the Batteries Regulation take effect before layering new obligations; the CEA should close remaining gaps and deliver legal predictability, not duplicate rules.

Harmonise EPR structurally, not only administratively. Concordia proposes five structural principles for EPR: multi-flow PRO authorisation, clear ownership transfer of collected waste, minimum mandatory eco-modulation, a clearing-house mechanism for competitive markets, and minimum-duration PRO-local authority contracts.

Create durable market demand for secondary raw materials. Support demand through well-calibrated public procurement criteria, targeted fiscal measures, and recycled-content requirements applied selectively and only after impact assessment.

Ensure strong enforcement and a level playing field globally. Products sold on the EU market, including via online marketplaces, must meet the same requirements as EU-produced goods, with strong enforcement consistently applied across Member States.

1. Context: an ambitious and closely watched process

The Circular Economy Act (CEA) was announced by Commission President Ursula von der Leyen in the Political Guidelines 2024-2029 and is being prepared through an impact assessment supported by an extensive stakeholder process. The Commission has indicated that the CEA proposal is expected after the summer of 2026, with adoption and entry into force anticipated in 2027.

The announced central ambition of the initiative is to raise the share of secondary raw materials used in the EU economy from around 12% today, far from the current circularity target of 24%. Concordia supports this ambition and wants the CEA to succeed and to ensure efficiency, resilience and a positive environmental footprint - but success will depend on whether the Act removes real barriers to circularity rather than adding new layers of complexity on top of a legislative framework that, in several sectors, is only beginning to deliver results.

If done right and anchored in the Single Market, the CEA can bridge the EU's competitiveness, resilience and environmental goals at once.

2. Putting the Single Market and the secondary raw materials market at the centre of the CEA

Of all the objectives under discussion for the CEA, Concordia considers the completion of a genuine EU single market for secondary raw materials to be the highest-value, highest-leverage priority. Materials that cannot move predictably and affordably across borders cannot be recycled at scale, cannot attract long-term investment, and cannot compete with virgin materials on price. Fixing this is a precondition for almost every other objective of the Act, including the feedstock, cost and demand issues addressed later in this paper.

2.1 A stronger legal foundation: Article 114 TFEU and full single-market harmonisation

The fragmentation described below is not only a policy-design problem; it is, at root, a legal-basis problem. Concordia joins the broad consensus among business - a functioning single market for secondary raw materials requires the CEA to be grounded in an internal market legal basis, Article 114 TFEU, and to deliver genuine harmonisation across three connected areas: EPR rules (Section 2.3), End-of-Waste criteria (Section 2.4), and waste shipment requirements. An environmental legal basis alone risks perpetuating the current patchwork of 27 national regimes and would weaken the CEA's effectiveness as a single-market instrument.

Waste shipment procedures deserve particular attention alongside EPR and End-of-Waste harmonisation. Current notification procedures for several waste streams, including battery waste and mixed non-hazardous plastics, lead to unpredictable approvals and logistical delays that directly affect the availability of feedstock. Concordia supports streamlining these procedures through digitalisation, a simplified "green-listing" approach for well-characterised, non-hazardous waste streams, and a workable EU Digital Waste Shipment System, paired with risk-based enforcement that concentrates controls on high-risk streams and non-compliant operators rather than slowing down compliant, well-documented shipments.

2.2 Why fragmentation is the core barrier

Despite decades of EU waste legislation, the internal market for secondary raw materials remains fragmented along national lines. A producer selling in multiple Member States today must register separately with each national EPR register, use different data formats and reporting schedules, and maintain parallel compliance processes and relationships with each Producer Responsibility Organisation (PRO) individually. End-of-Waste status is decided country by country: a material treated as a product in one Member State can still be classified as waste in another, and procedures and criteria are often neither easily accessible nor subject to clear mutual recognition. The result is large, largely fixed compliance costs that fall hardest on SMEs and cross-border sellers, and legal uncertainty that discourages investment in EU recycling capacity.

The scale of the opportunity is significant. A digital single-entry point bundling harmonised producer registration, harmonised product reporting, once-only data submission and fee-modulation calculation is estimated to reduce administrative burden. Concordia supports this direction, provided implementation genuinely reduces - rather than adds - a layer of reporting on top of national systems.

2.3 Harmonising Extended Producer Responsibility

CEA is an opportunity to better leverage and harmonise EPR schemes across the EU to ensure transparency, efficiency and fairness. Administrative harmonisation - a single digital entry point - is necessary but not sufficient: without structural harmonisation of how EPR systems actually operate on the ground, national bottlenecks will persist behind a common digital front-end. Based on the experience of Romanian operators and validated against comparable systems elsewhere in the EU, Concordia proposes the following approach:

- **Multi-flow authorisation for PROs**

Current sectoral directives (PPWR, WEEE, Batteries, Single-Use Plastics) each create their own parallel compliance architecture, with separate registers, reporting lines and institutional interfaces per waste stream. The CEA should explicitly enshrine the right of an authorised EPR implementing body (PRO) to manage several waste streams simultaneously, subject to demonstrating operational capacity for each stream. The benefit for producers is direct and measurable: a single EPR partner, a single digital register, a single report - reducing the administrative burden, in particular for SMEs.

Two European examples illustrate this benefit. In Belgium, the Recydata umbrella brings together several distinct EPR bodies with separate legal personality under one consolidated operational back-office: Valipac (packaging, established 2005), Valorlub (used lubricant oils), Valorfrit (used frying oils and fats) and Valumat (mattresses), alongside the launch of PV Cycle Belgium for photovoltaic panels and Recovinyl for PVC, with a textiles EPR system and a holistic approach to construction waste in preparation. In Austria, the ARA Group takes on all producer obligations across three separate ordinances - packaging, WEEE and batteries - through its entities ARA AG (packaging), ERA Elektro Recycling Austria (WEEE and batteries) and Austria Glas Recycling (glass packaging), giving the producer a single contractual partner across three EU-regulated waste streams, even though Austria's overall EPR market remains competitive with multiple PROs.

- **Clear legal transfer of ownership of collected recyclable waste to the PRO**

Current EU directives do not regulate the moment or mechanism by which ownership of waste transfers from the citizen or municipality to the EPR organisation. This gap generates, at national level, disputes over control of collected waste and blocks operators' investment in recycling infrastructure. The CEA should require Member States to define clearly the moment of ownership transfer and its legal effects as a constitutive element of any EPR system, not an optional matter of transposition. Legal clarity on this point is a necessary condition for PRO operators to invest for the long term.

- **Minimum mandatory eco-modulation of EPR contributions, across all material types**

The Waste Framework Directive allows Member States to introduce eco-modulation but does not require it, nor does it set a minimum methodology. The result is that more than half of Member States, including Romania, apply no operational eco-modulation at all. The CEA should establish a minimum, mandatory set of criteria (recyclability, recycled content, reusability, hazardous substances) and a minimum threshold for tariff variation, leaving Member States flexibility only in calibrating the amplitude. Without a minimum obligation, eco-modulation remains an optional tool that is, in practice, widely ignored - and high-performing materials such as fibre-based packaging, which already combines high recycling rates with over 70% recycled content, continue to go unrewarded in national fee structures.

- **A clearing-house mechanism to balance competition between EPR schemes**

In Member States with competitive EPR systems (several operators active on the same waste stream), unmanaged competition systematically concentrates operations in urban areas with low collection costs and leads to the abandonment of rural areas with higher costs. The CEA should require Member States with multi-operator systems to put in place a digital, transparent and annually audited financial balancing mechanism (a Clearing House or equivalent), so that the benefits of competition do not come at the expense of collection coverage.

- **Minimum-duration contracts between PRO operators and local authorities**

The relationship between the PRO operator and the local authority is regulated unevenly across Member States, often through annual or two-year contracts that are insufficient to justify investment in collection infrastructure. The CEA should establish a minimum reference duration for these operational partnerships (at least five years), with transparent selection criteria and verifiable performance clauses. Contractual predictability is the structural condition for private investment in separate-collection infrastructure; without it, the gap between advanced and catching-up Member States will persist. This also corrects a structural asymmetry that no sectoral directive currently addresses: producers carry legally guaranteed compliance obligations, with clear deadlines and sanctions, while delivering on those obligations depends operationally on local-authority contracts that can expire, fail to renew, or be renegotiated on adverse terms - a risk that is today transferred implicitly from the local authority, which bears no performance obligation, to the producer, who does not control the collection infrastructure.

Taken together, these five principles complement - rather than duplicate - the single-entry point and minimum PRO governance and transparency standards already under discussion for the CEA, including publication of fee levels and expenditure, a clear prohibition on state-run or state-owned PROs, and preservation of Individual Producer Responsibility as a compliance route where direct take-back models are well established.

2.4 End-of-Waste and by-products: unlocking cross-border flows

The current fragmentation of End-of-Waste (EoW) and by-product criteria across Member States makes cross-border flows of secondary raw materials costly and creates legal uncertainty for recyclers, manufacturers and their buyers. This is precisely the type of harmonised waste definition and common rule for cross-border material flows that is a precondition for a functioning single market. Concordia supports the measures under discussion to address this: an EU-level transparency database recording national EoW and by-product decisions and criteria; a procedure for mutual recognition of national determinations; and, where materials already comply with EU environmental and product rules, the possibility for recyclers and manufacturers to self-assess EoW/by-product status under their own responsibility. These measures should increase predictability of recognition across the EU and support investment, provided self-assessment remains firmly anchored to clear, EU-defined environmental and product criteria.

2.5 Creating durable market demand for secondary raw materials

Harmonising supply-side rules is necessary but not sufficient: the CEA must also generate durable demand for secondary raw materials, so that the investment unlocked by single-market harmonisation has somewhere to go. Concordia supports a demand-side approach built on three complementary tools.

First, well-calibrated public procurement criteria, used selectively on a sector-specific basis - particularly in construction and public infrastructure, where public demand is significant - based on life-cycle environmental performance rather than a single indicator, and designed to remain accessible to SMEs rather than creating disproportionate bidding barriers.

Second, targeted fiscal measures, such as well-calibrated VAT treatment for products with higher circularity performance (see also Section 5 on closing the virgin-recycled price gap).

Third, recycled-content requirements applied selectively, and only following a robust impact assessment, in sectors where they are technically feasible, affordable and environmentally justified - building on existing product legislation such as ESPR and PPWR rather than creating a parallel regime.

Recycled-content mandates are a powerful demand signal, but a blunt one: in Concordia's view they work best as a targeted complement to procurement and fiscal tools, not as a default instrument applied uniformly across all sectors.

2.6 Demand in practice: the case for paper

A Single Market only delivers results if it is matched by real demand. Recyclability thresholds set under the PPWR delegated acts need to reflect what existing recycling infrastructure can actually process, or they risk undermining recycling efficiency rather than improving it. In the paper and packaging value chain, mills can typically process only around 5% non-paper content, while thresholds of up to around 20% are under discussion in current delegated-act work; this misalignment leads to lower recycling efficiency, higher rejects, and degraded fibre quality. Recyclability criteria should be defined as "recyclable at scale": grounded in demonstrated industrial capacity, not theoretical potential.

Recovered fibre is already the dominant raw material for the EU paper sector - around 60% of input overall, and over 70% in packaging. If demand is not secured, recycled paper production becomes unstable and fibre is diverted outside the EU; recovered fibre does not currently circulate efficiently within the EU, and significant volumes are exported (for example to Turkey), reducing availability for EU mills. Concordia recommends prioritising recycled content in packaging and introducing binding demand-side measures to secure continued uptake of recovered fibre in EU production, alongside measures that improve intra-EU circulation and transparency of fibre flows. Fibre-based and corrugated packaging - which combines high recycling rates with high recycled content and renewable fibre input - should be recognised as both circular and bio-based, with proportionate regulatory treatment.

In Romania specifically, weak household separate collection continues to limit the volume and quality of recovered fibre and other materials available for recycling. This is a national implementation gap rather than a legislative one, and it should be addressed through stronger enforcement, participation incentives and quality requirements at Member State level, complementing - not substituting for - EU-level harmonisation.

The proposal is therefore to advance the EU transparency database and mutual-recognition procedure for EoW/by-product status; anchor PPWR recyclability criteria in demonstrated industrial processing capacity ("recyclable at scale"); introduce binding demand-side measures to secure EU uptake of recovered fibre; and support Member States, including Romania, in closing separate-collection gaps.

3. Let existing EU measures take effect before adding new ones

Several sectors, notably packaging and beverage packaging, already operate under robust and recently-strengthened circularity mechanisms introduced through the SUP Directive and the PPWR. Rather than layering additional requirements onto these sectors, the CEA should prioritise closing gaps in areas where comparable mechanisms are still lacking. This sequencing is essential to ensure an effective and credible transition across all sectors, with legal predictability based on the current legislative framework.

This call for consolidation is shared broadly across European industry. CEA should intervene only where genuine barriers persist and where EU-level action delivers real added value, building on the existing acquis - the Waste Framework Directive, PPWR, the Critical Raw Materials Act, WEEE, the End-of-Life Vehicles Regulation, the Batteries Regulation and the Eco-design for Sustainable Products Regulation - rather than duplicating it.

Therefore CEA should map remaining regulatory gaps sector by sector before proposing new obligations, and should explicitly avoid new requirements in sectors where mechanisms are still being rolled out.

4. Secure fair, priority access to feedstock and protect strategic material flows

4.1 PET and food-contact plastics

Improving circularity requires that materials find their way back into new products through high-quality, closed-loop recycling that minimises environmental and economic impact. Closed-loop recycling reduces dependence on virgin raw materials, lowers the carbon footprint of packaging production, and is central to the circularity principles the Commission has already signalled for the CEA.

The CEA should build on the priority-access principle introduced by the PPWR. Member States must ensure that collection and sorting systems and infrastructure are in place to make feedstock reliably available for recycling, and these systems should give priority access to feedstock for applications where the distinct quality of the material is preserved, so that it can be recycled again and reused in similar applications with minimal loss of quantity, quality or function.

There is a need to differentiate PET and other food-contact plastics from other plastic streams when the CEA designs measures to incentivise the EU plastics recycling sector. There is a real gap that lies in incentivising secondary raw material uptake in other plastic applications.

Concordia recommends designing feedstock and demand-side measures for plastics separately for food-contact/beverage-grade PET and for other plastic streams, concentrating new incentives on the applications that are genuinely under-supplied rather than on PET, where the market already functions.

4.2 Aluminium: preventing leakage of a strategic resource

Aluminium scrap leakage from the EU is expected to increase, driven by growing demand from Asia and by the trade imbalance created by US tariffs on primary aluminium, which do not apply to EU scrap. Left unaddressed, this asymmetry risks depleting the high-quality aluminium flows that European industry, and the beverage-can value chain in particular, depends on.

To safeguard these flows, the EU should establish distinct customs and trade codes that differentiate premium used-beverage-can (UBC) scrap from mixed-grade aluminium scrap. This would enable targeted retention of the highest-value material streams while keeping broader aluminium trade open -

avoiding the risk that a blanket restriction would carry for legitimate, non-strategic trade flows. Combining targeted classification with the kind of proportionate export-monitoring and traceability tools that are already being explored for other critical and strategic waste streams could be a more efficient alternative to resorting to export bans.

The recommendation is to introduce dedicated trade/customs codes for UBC and other premium aluminium scrap grades, paired with strengthened export documentation and traceability - not blanket export restrictions - to keep strategic aluminium flows within the EU while preserving open trade.

5. Address the cost disadvantage of recycled materials

Virgin PET remains significantly cheaper than its recycled counterpart: recycled PET has carried a premium of up to €800 per tonne. This cost imbalance undermines uptake of secondary raw materials and threatens the viability of circular business models more broadly, not only for PET.

Rather than resorting immediately to new fiscal measures or penalties, the Commission, together with the Members States where that is the case, should first explore the full range of available incentive levers - fiscal, operational and innovation-based - to improve the availability and affordability of high-quality recyclates, including support for recyclers and mechanisms that help stabilise prices and ensure fair access across sectors and regions. Any new measure in this space should be preceded by a robust impact assessment, and should be designed to support the market rather than distort it.

6. Ensure strong enforcement and a level playing field globally

European producers already operate under significant circularity, safety and sustainability obligations. Where enforcement of existing EU rules remains inconsistent across Member States, or does not reach products entering the EU market from third countries, compliant EU businesses are placed at a structural disadvantage rather than benefiting from a genuine level playing field. Concordia's asks in Sections 2.3 and 4.2 above are that products sold on the EU market, including via online marketplaces, must meet the same requirements as EU-produced goods, and strong enforcement must be applied consistently across Member States.

Concordia recommends strengthening coordination and information-sharing between national market surveillance authorities, so that compliant operators are treated consistently regardless of the Member State of entry; and improving monitoring and traceability of exports of strategic secondary materials - as set out for aluminium in Section 4.2 - through documentation and export-classification requirements that are proportionate, evidence-based and WTO-compatible, rather than blanket export restrictions.

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Concordia Employers' Confederation is the legitimate common voice of the business community in Romania, at home and abroad. We are a cross-sectoral organisation established as a nationally representative social partner. We represent more than 4,200 companies with Romanian and foreign capital across more than 20 key industries, which generate over 30% of Romania's GDP and employ 500,000 people.
We are the only organisation in Romania that is a member of BusinessEurope, Business at OECD (BIAC) and the International Organisation of Employers (IOE).