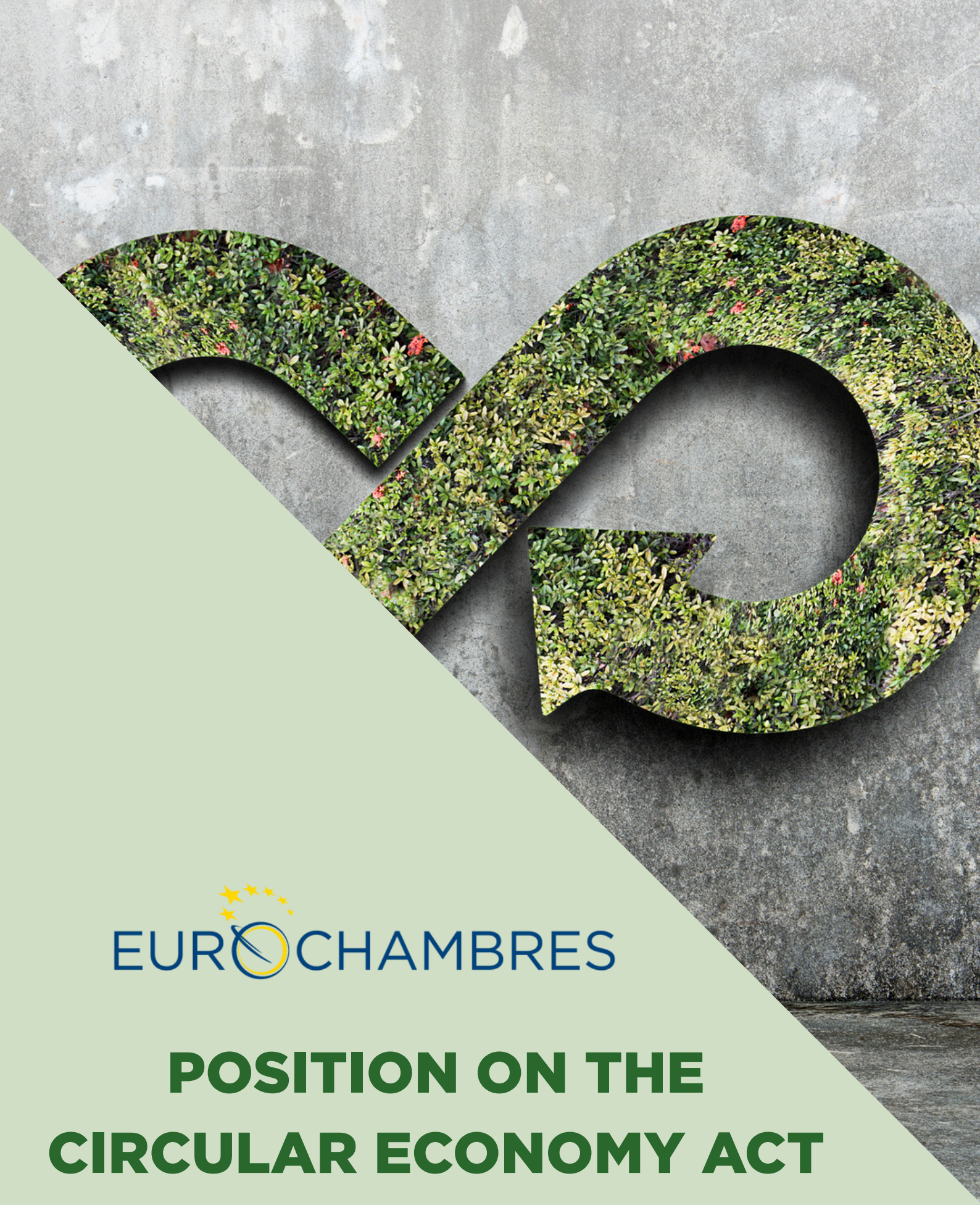

EUROCHAMBRES

POSITION ON THE CIRCULAR ECONOMY ACT

Eurochambres position on the Circular Economy Act

Secure and affordable access to raw materials is critical for the competitiveness of European businesses and for advancing the green and digital transitions. Yet, Europe's continued dependence on external suppliers remains a strategic vulnerability. The forthcoming Circular Economy Act offers an opportunity to strengthen the EU's economic resilience by establishing a genuine single market for waste and secondary raw materials. To succeed, the initiative must remove internal market barriers, harmonise rules and introduce targeted incentives that make circularity a viable business model. Eurochambres calls for clear, practical and proportionate rules that support competitiveness and empower all businesses, particularly SMEs, to advance circularity, while upholding the principle of technology and material neutrality.

1. Executive summary

Europe's economy remains heavily dependent on raw material imports, creating strategic vulnerabilities and undermining competitiveness. Advancing Europe's circular economy can help reduce this dependency, but efforts by businesses to become more circular are hindered by fragmented rules, challenging market conditions and insufficient infrastructure. The Circular Economy Act (CEA) provides an opportunity to deliver a well-functioning single market for circularity. Eurochambres highlights four priority areas:

- **Strengthening the single market for circularity:** Simplify and harmonise end-of-waste and by-product criteria and establish an EU-wide one-stop shop for EPR to reduce compliance costs. Digital tools such as the Digital Product Passport must remain practical and SME-friendly.
- **Boosting demand and supply for secondary raw materials:** Apply clear and proportionate sustainability criteria in public procurement, and carefully assess the impact of measures such as minimum recycled content requirements on competitiveness and trade before they are introduced. Unilateral trade restrictions must be avoided.
- **Building an industrial ecosystem for circularity:** Expand recycling and sorting infrastructure through accelerated permitting, improve skills development, and ensure adequate funding for circular economy practices, particularly for SMEs.
- **Targeted measures for waste electrical and electronic equipment:** Harmonise labelling and reporting, raise consumer awareness, and strengthen enforcement against illegal exports.

Eurochambres calls for a clear, harmonised, and proportionate framework that supports competitiveness while advancing circularity. This must include upholding technology and material neutrality, as well as streamlining and harmonising related existing legislation outside the scope of the CEA.

2. Why the chamber network considers the upcoming Circular Economy Act relevant

Raw materials are the backbone of Europe's economy and indispensable for a successful green and digital transition. Yet, the EU remains heavily dependent on a limited number of supplier countries for both the extraction and processing of these materials. Ensuring secure and affordable access to raw materials is therefore critical to the competitiveness of European businesses, particularly SMEs.

One way to address this challenge is to create a genuine single market for waste and secondary raw materials, as outlined in the Draghi Report. Advancing circularity would not only reduce Europe's import dependency but also support its decarbonisation objectives and unlock significant economic opportunities. However, major barriers such as divergent end-of-waste and by-product criteria, as well as fragmented extended producer responsibility (EPR) systems across member states, continue to undermine progress towards a European circular economy.

The forthcoming Circular Economy Act (CEA) provides an opportunity to remove these barriers and set the right economic incentives to boost demand and supply for secondary raw materials. While the chamber network supports the initiative's objective of delivering a genuine single market for circularity, it stresses the need for a proportionate, practical and business-friendly framework. The CEA should build on existing legislation, such as the Single-Use Plastics Directive and the Waste Framework Directive, rather than introducing overlapping and burdensome obligations.

To deliver tangible results, the CEA should be structured around four key pillars:

- **Strengthening the single market for circularity** by removing internal market barriers and fostering harmonisation
- **Boosting demand and supply for secondary raw materials** through targeted economic incentives
- **Building an industrial ecosystem for circularity** through capacity building, awareness raising and infrastructure investment, supported by streamlined permitting procedures
- **Targeted measures for waste electrical and electronic equipment**

These pillars must be complemented by simultaneous efforts to streamline and harmonise existing legislation across waste, chemicals and product rules that fall outside the scope of the CEA. This includes the ongoing revision of the REACH Regulation and the forthcoming Environmental Omnibus.

3. Strengthening the single market for circularity by removing internal market barriers

A well-functioning single market for waste and secondary raw materials is essential to make circularity a viable business model for Europe. Today, however, businesses face a fragmented regulatory environment. Divergent end-of-waste criteria, varying EPR systems and inconsistent reporting requirements across member states create legal uncertainty, administrative complexity and high costs. In some cases, differing national practices make it unclear whether a material is classified as waste or as a secondary raw material, which further complicates obligations and responsibilities along the value chain. These barriers are

particularly burdensome for SMEs and undermine the development of Europe's circular economy.

To overcome these barriers, the focus must be on simplifying and harmonising existing rules, such as those established under the Waste Framework Directive and the Packaging and Packaging Waste Regulation, rather than adding new layers of obligations. The forthcoming Environmental Omnibus provides a timely opportunity to deliver such simplifications, as outlined in Eurochambres input on the Environmental Omnibus. The Circular Economy Act can complement these efforts by filling legislative gaps and supporting the overall simplification effort.

Most crucially, in the spirit of "prevention is better than cure", the CEA must be designed from the outset as a practical, harmonised and proportionate framework to avoid the need for future simplification packages in the first place. Only then can it effectively boost cross-border trade in waste and secondary raw materials and help businesses, especially SMEs, become more circular.

Key priorities

- **Simplify and harmonise end-of-waste and by-product criteria across the EU:** Divergent national and regional criteria create legal uncertainty, high administrative costs and barriers to trade across the single market. The current patchwork must be replaced by fully harmonised EU-wide criteria.

- **Establish an EU-wide one-stop shop for EPR:** Fragmented national EPR systems generate significant compliance costs for businesses and discourage particularly SMEs from participating in cross-border trade within the internal market. A practical EU-wide registration system must replace the burdensome national systems.

- **Ensure workable and proportionate EPR schemes:** Reporting obligations should be reduced to a maximum of once per year. EPR fees should be set according to clear recyclability criteria and reinvested directly into collection, sorting and recycling infrastructure, rather than diverted into general state budgets.

- **Allow for the appointment of a single EU-wide authorised representative:** Requiring businesses to appoint separate authorised representatives in each member state (under existing legislation) creates significant administrative burdens. This should be replaced with the option of a single EU-wide authorised representative, ideally integrated into the EU-wide one-stop shop system. This approach should also be reflected in the forthcoming CEA. Introducing appropriate de minimis thresholds (e.g. 10-30 units per product category and country) would further ease compliance for SMEs.

- **Ensure a practical, proportionate and coherent regulatory framework:** New measures under the Circular Economy Act should only be introduced where they provide clear added value and must not duplicate or contradict existing rules. In many cases, progress towards circularity depends on making the current framework more practical and harmonised rather than adding new obligations.

- **Recognise differences in scale and geography:** Green transition policy implementation must not disadvantage smaller or remote regions such as islands or peripheral areas. A workable framework must reflect the differences in scale, geography, and market structure across member states, ensuring that smaller economies are not disproportionately burdened.

- **Promote digitalisation to enhance circularity:** Digital technologies can play a key role in supporting the shift towards circular business models. A practical, standardised and interoperable digital product passport (DPP) can simplify reporting and notification obligations and improve information flows between stakeholders. However, its implementation must apply the principle of data minimisation, keep integration costs low and include robust measures to ensure cybersecurity and protect business-sensitive information.

- **Make circularity and digitalisation work for SMEs:** Sustainability and digital requirements can easily become disproportionate for smaller businesses if not carefully designed. The “Think Small First” principle must be applied to reflect the administrative and financial capacities of SMEs. For the DPP, this means introducing appropriate exemptions and de minimis thresholds, ensuring access to adequate digital infrastructure, and providing targeted support to help SMEs implement and benefit from these digital tools.

4. Boosting demand and supply for secondary raw materials through targeted economic incentives

A well-functioning market for secondary raw materials is essential to advance Europe’s transition from a linear to a circular economy. Yet, companies face persistent challenges on both the supply and demand side. Prices for secondary materials are often higher than for primary materials, a situation further exacerbated by the lack of standardised certification and the varying quality of secondary raw materials. At the same time, there remains an insufficient supply of high-quality sorted waste within the EU and weak market demand for secondary raw materials.

To close this gap, the CEA must explore market-based mechanisms and incentives to boost both the demand and supply for secondary raw materials. However, given the potential impact such measures may have on the competitiveness of European businesses, particularly SMEs, it is essential to carefully assess their effects before implementation. Any new measure must align environmental goals with competitiveness and ensure secure and affordable access to raw materials for European businesses, particularly SMEs.

Key priorities

- **Ensure proportionate and practical non-pricing criteria:** Sustainability criteria in public procurement can help drive demand for secondary raw materials, but overly complex or prescriptive rules risk excluding SMEs. The public sector could lead by example by using the existing possibilities in procurement law to apply circularity requirements. However, these criteria must not become mandatory. Criteria must be practical, contract-related, easily monitorable and documentable. Public tenders should not penalise secondary materials over primary materials and should also take

into account maintenance and repair concepts to reflect the entire life cycle costs of a project instead of pure acquisition costs.

- **Streamline public procurement processes:** To leverage circularity through public procurement, procedures must be simplified and made more accessible, particularly for SMEs. Complex and demanding requirements remain a major barrier to participation; therefore, simply adding further criteria risks exacerbating the situation.

- **Keep eco-design requirements proportionate and innovation-friendly:** Overly prescriptive product standards risk reducing product diversity and discouraging open-technology innovation. Requirements on durability and recyclability should provide sufficient flexibility for businesses to innovate. In addition, adequate lead times are essential to give companies sufficient time to adapt to new requirements.

- **Take a cautious approach to minimum recycled content requirements:** While such measures can boost demand for secondary materials and increase economies of scale, there is the serious risk that secondary raw materials are not available on the market in the required quantity, quality and at competitive prices. Such provisions must therefore be based on robust market assessments and should be limited to product groups where clear benefits can be demonstrated. The possibility of including bio-based raw materials in the calculation to fulfil minimum recycling content requirements should also be explored.

- **Systematically assess competitiveness impacts of circular economy measures:** Market-based mechanisms and incentives under the CEA should be evaluated not only for their environmental impact, but also for their effects on European competitiveness. This is particularly relevant in areas where competitors in third countries are subject to lower environmental or regulatory standards. A competitiveness check should be systematically applied when designing and implementing circular economy measures.

- **Ensure a level playing field within the EU and internationally:** EU-wide standardised certification and norms for secondary raw materials can help ensure quality and support fair competition. Stronger and harmonised controls are also needed for imports of secondary materials from third countries, which often do not comply with European quality standards and regulations (e.g., in chemicals legislation).

- **Avoid unilateral export restrictions on waste and raw materials:** Export bans or taxes risk distorting trade, provoking retaliation and reducing market flexibility, particularly in small and open economies. Instead of restrictive measures, the EU should identify why non-EU markets offer more favourable conditions, and set positive incentives to retain materials in the EU voluntarily.

- **Establish a voluntary EU-wide digital marketplace for secondary materials, with a strong emphasis on regional circularity ecosystems:** A dedicated platform could help match supply and demand of specific materials and support industrial symbiosis. Participation must remain voluntary, and the platform must be easily to use, particularly for SMEs. To reduce transportation, the marketplace should prioritise regional material cycles. In addition, regional raw material and recycling exchanges

can further help companies to utilise the waste products of other companies as valuable input.

- **Provide alternative compliance routs for low volume regions:** Regions with smaller populations and waste volumes, combined with high transport and export costs, limit the viability of many recovery streams. Interest from international shipping and logistics operators is also limited, further restricting participation in wider European circular value chains. The CEA should therefore provide for proportional implementation measures or alternative compliance routes for smaller, low-volume member states and regions, so that circular economy objectives can be achieved without undermining business viability.

5. Building an industrial ecosystem for circularity through capacity building, awareness raising and infrastructure investment

Advancing Europe's transition to a circular economy requires more than strengthening the single market for waste and secondary raw materials and deploying targeted incentives. It also means developing the necessary industrial ecosystem, with adequate infrastructure, a workforce equipped with the right skills, sufficient funding, and effective stakeholder cooperation.

Today, collection, sorting and transport infrastructure remains underdeveloped in many regions, limiting the availability of high-quality secondary raw materials. Bureaucratic authorisation procedures often delay or hinder new recycling investments. At the same time, circular business models struggle to scale due to financial and organisational barriers, limited cooperation across value chains, and low consumer acceptance of secondary materials.

Chambers of commerce and industry play a crucial role in this ecosystem. They connect businesses with policymakers, research institutions, infrastructure providers and public authorities, thereby facilitating synergies and providing practical support to help companies comply with circularity-related legislation. SMEs in particular rely on hands-on guidance, training, and practical tools to overcome resource constraints and actively contribute to the circular transition.

Key priorities

- **Ensure adequate and accessible funding for circular economy practices:** Innovation in circular materials, recycling technologies and product design requires access to funding across all stages, from research and development to deployment. EU and national programmes, including Horizon Europe, the Innovation Fund and the Industrial Decarbonisation Bank, must prioritise circular economy projects. Particular attention should be given to access to funding for SMEs and to ensuring that the principle of technology and material neutrality is respected.

- **Advance circularity through Important Projects of Common European Interest (IPCEIs):** IPCEIs can be a useful tool to support circularity in cases of market failure, as envisaged by the European Commission. Their use should be limited to well-justified cases with clear European added value and must be accessible to SMEs.

The Clean Industrial Deal State Aid Framework should also be leveraged to advance circularity, while ensuring a level playing field across the single market.

- **Support SMEs in adopting circular economy practices:** Many SMEs lack the resources to navigate complex sustainability requirements and transform their business models towards circularity. The European Commission should provide SMEs with concrete, hands-on guidance through projects, training, and practical tools. Chambers of commerce can play an essential role in delivering these services.

- **Equip the workforce with the right skills:** Skills shortages remain a major bottleneck for advancing circularity. A stronger focus on vocational education and training, particularly in recycling, product design and repair, is needed, alongside EU-level financing for workforce training and reskilling. Close cooperation between industry and education providers is essential to align workforce skills with industry needs.

- **Facilitate structured stakeholder dialogue:** Collaboration between producers, recyclers, downstream users, chambers and policymakers is crucial to advance circularity and align environmental and economic objectives. The planned Trans-Regional Circularity Hubs could serve as a platform for structured dialogue, enabling cooperation, best-practice exchange, scaling circular solutions and consultation with policymakers on existing barriers. However, as there is currently no concrete information on their design or purpose, the Commission must first demonstrate their added value for businesses.

- **Expand collection, sorting and recycling infrastructure and accelerate permitting:** To increase Europe's recycling capacities, authorisation procedures must be streamlined, digitalised and accelerated. This includes shorter deadlines, more flexible permitting, proportionate environmental assessments and clear exemptions for low-impact projects or modernisation of existing facilities.

- **Ensure technology and material neutrality:** Funding, permitting and regulatory frameworks must support different technological and material pathways, including chemical recycling and bio-based materials and solutions, allowing innovation to determine the most efficient outcomes.

- **Raise public awareness among companies and consumers:** Consumer acceptance of products made from secondary raw materials remains limited. Awareness-raising campaigns at EU, national and local level can increase trust, highlight environmental benefits and support market uptake. Companies can reinforce these efforts by proactively communicating product sustainability and benefits.

6. Targeted measures for waste electrical and electronic equipment

Advancing the collection, sorting and recycling of waste electrical and electronic equipment (WEEE) is essential to reduce Europe's dependence on imports of critical raw materials. However, according to the European Commission, only Bulgaria, Latvia and Slovakia achieved the target of collecting 65% of WEEE in 2022, based on the amount placed on the

market in the preceding three years. Low collection rates mean that valuable critical raw materials, such as copper, rare earths, gallium, germanium and tungsten, cannot be recovered, keeping Europe dependent on imports.

The WEEE Directive imposes specific labelling, registration, and reporting obligations for all electrical and electronic equipment placed on the EU market. However, national implementation varies significantly, particularly with regard to labelling formats, registration procedures and compliance fees. Manufacturers must register separately in each member state where they sell products and adapt to different national rules, even for identical products. This fragmented approach places a disproportionate responsibility on manufacturers and creates substantial administrative burdens, particularly for SMEs. At the same time, key factors such as consumer behaviour and insufficient incentives for returns remain largely unaddressed.

To increase the return rate of waste electrical and electronic equipment, priority must be given to harmonising national systems and creating stronger incentives for consumers to return old appliances properly through awareness-raising measures and practical return options.

Key priorities

- **Increase consumer awareness:** Awareness-raising campaigns can inform consumers about the environmental impact of improper disposal and encourage responsible return. Consumers should be better informed about available return options and motivated to return them accordingly. Efforts should also examine behavioural barriers such as lack of knowledge about collection points or insufficient incentives.

- **Set the right consumer incentives:** Given the economic value of the critical raw materials contained in electrical and electronic equipment, financial incentives could help increase return rates. However, establishing deposit systems for appliances would likely create disproportionate administrative burdens, particularly for SMEs. Any incentive scheme should therefore remain practical, cost-efficient and proportionate.

- **Strengthen enforcement against illegal exports rather than imposing export bans or taxes:** Illegal exports of old appliances undermine collection targets and reduce the availability of recoverable raw materials. By contrast, measures such as export bans or taxes risk distorting trade, provoking retaliation and reducing market flexibility. The focus must therefore be on stronger checks and closer cooperation between customs, market-surveillance and waste authorities.

- **Avoid unilateral burdens on manufacturers:** Measures should not rely solely on manufacturers to meet national collection targets or impose financial penalties for non-compliance. Overly prescriptive obligations, such as mandatory quantity recording via centralised national systems, risk increasing bureaucracy without improving collection outcomes. Instead, efforts should focus on shared responsibility, cooperation and efficiency.

- **Harmonise labelling and registration systems across the EU:** The current patchwork of national labelling and registration systems significantly increases administrative costs, especially for SMEs. EU-wide harmonisation or mutual recognition of disposal instructions must be pursued. In addition, an EU-wide registration system should allow producers to register once for WEEE compliance across all member states, submit reporting through a single access point, and eliminate duplicative national registrations.

- **Promote digital solutions to enhance circularity:** Digital technologies such as the digital product passport (DPP) can streamline reporting, labelling and registration, as well as improve transparency on material composition, facilitating recovery of critical raw materials. However, implementation must avoid excessive data requirements, minimise integration costs and include robust safeguards to protect business-sensitive information.

Eurochambres – the association of European chambers of commerce and industry – represents more than 20 million businesses through its members and a network of 1700 regional and local chambers across Europe. Eurochambres is the leading voice for the broad business community at EU level, building on chambers' strong connections with the grass roots economy and their hands-on support to entrepreneurs. Chambers' member businesses – over 93% of which are SMEs – employ over 120 million people.

Previous position can be found here.

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