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A Circular Economy Act delivering a strong EU market for secondary raw materials

The Circular Economy Act (CEA) should mark Europe's shift from fragmented waste management to a functioning internal market for secondary raw materials. Extended Producer Responsibility (EPR) is the primary instrument used across the EU to finance the collection, sorting and recycling of waste. Yet its performance remains uneven across Europe, rules fragmented, and its contribution to circularity held back by divergent national implementation. The CEA should establish a strong, harmonised and enforceable EU framework for EPR, enabling underperforming systems to catch up and making EPR a driver of circularity, competitiveness and strategic autonomy - not a patchwork of mere administrative obligations.

1. Establish a harmonised EU EPR framework

The CEA should introduce a horizontal, directly applicable EU EPR Regulation covering EU-mandated EPR schemes and relevant waste streams, providing a harmonised baseline complemented by sector-specific EPR rules. A Regulation would reduce fragmentation, align obligations across Member States and provide the legal certainty needed to scale circular business models, improve compliance and support cross-border value chains for secondary raw materials.

This framework should be anchored in Article 114 TFEU, reflecting its internal market objective: removing regulatory divergence, ensuring a level playing field and enabling circular materials to move efficiently across the Union.

2. Strengthen governance and keep EPR producer-led

EPR works when responsibility, financing and decision-making are aligned. Producers place products on the market, finance their end-of-life management, and have the knowledge needed to connect product design with collection, sorting and recycling outcomes. The CEA should therefore underline that EPR schemes are producer-led, with producers retaining decision-making responsibility.

Public authorities should have oversight into the systems, but EPR contributions must remain exclusively dedicated to waste management outcomes, not become lost to general public revenue. EU law should not legitimise state-run Producer Responsibility Organisations where producer contributions risk being treated as taxation rather than as fees linked to the delivery of collection, sorting and recycling services. While a broad range of stakeholders, including civil society organisations, can provide valuable input through consultation and dialogue, governance and decision-making responsibilities should rest with producers, who bear responsibility under the EPR framework. Decision-making roles in EPR systems should also remain independent from stakeholders that are direct or indirect recipients of EPR funding, safeguarding transparency and avoiding conflicts of interest.

EPR stems from the polluter pays principle for a reason: producers should be responsible not only for financing waste management, but for organising the systems needed to collect, sort and recycle the products subject to EPR obligations that they place on the market.

3. Make transparency the rule across the whole waste chain

A stronger EPR framework must be built on standardised, granular and comparable data. Producer Responsibility Organisations (PROs) should publish clear annual information on performance, ownership, membership, fee structures, eco-modulation criteria where applicable, budget allocation and the use of producer contributions. Transparency should not stop at the PRO level: public authorities, municipalities and waste management operators receiving EPR funds should also report on how those funds are used and what services are delivered. This would strengthen accountability across the waste chain and help make EPR performance-based by aligning responsibility, financing and operational levers. In competitive systems, transparency should be managed through efficient clearing house systems.

This is essential to assess whether producer contributions are efficient, proportionate and directed to the right outcomes. Better data will also allow benchmarking, support enforcement, and help underperforming systems catch up with leading models.

4. Ring-fence EPR funds to scale infrastructure

Producer contributions must be used for the waste streams and product categories for which they are paid.

The CEA should introduce a clear earmarking principle: funds collected for a specific product category or waste stream should finance the net costs of managing that same category or stream. This would prevent cross-

subsidisation, improve accountability and ensure that financial resources are directed to the infrastructure and operations needed to achieve EU circularity targets.

The Act should also apply the net cost principle consistently. Revenues from sales of secondary raw materials and other recovered outputs should be deducted from the costs covered by producers, while safeguards should prevent double counting along the value chain.

EPR must also remain focused on its core purpose: financing and organising the waste management systems needed to collect, sort and recycle products placed on the market. EPR funds should not be diverted away from these essential operations to finance broader waste prevention or reuse objectives where dedicated EU sectoral legislation already exists. The Circular Economy Act should therefore ensure that producer contributions are directed first and foremost to the infrastructure, operations and system improvements needed to meet EU recycling and circularity targets.

5. Cut administrative complexity

As EPR obligations expand to more product categories, compliance is becoming increasingly complex - especially for SMEs and companies operating across several Member States.

Registration requirements should be harmonised and limited to essential data points needed to verify producer status and obligations, using already-verified sources where possible. Redundant fields should be removed, and detailed product-level data should be deferred to later reporting stages.

For packaging EPR, the Circular Economy Act should clarify that Member States may require authorised representatives for third-country producers making products available on their market, but not for producers already established in the EU. Mandatory national representation for EU-established producers would create market fragmentation and barriers to scale, particularly for cross-border operators, online sellers, SMEs and micro-enterprises.

Together, these measures would reduce administrative burden, improve data quality and remove unnecessary barriers to cross-border EPR compliance.

6. Improve separate collection to boost recycling

There is no market for secondary raw materials without reliable supply. There is no reliable supply without effective collection systems. The CEA should strengthen Member States' obligations on separate collection where necessary to improve recycling, including regular reporting on waste stream coverage, territorial and population coverage, public awareness measures and any derogations applied. Derogations should be tightly justified and assessed against their impact on recycling objectives.

Public awareness and information campaigns are also essential to make separate collection work in practice. The CEA should ensure that EPR schemes, along Member States, help finance clear, targeted and regularly assessed communication to waste holders on correct disposal and sorting, on the role of separate collection, and how participation supports higher-quality recycling.

Conclusion

The CEA must give Europe the framework it needs to turn waste into a valuable resource. A harmonised EU EPR Regulation, strong producer accountability, transparent financial flows, ring-fenced contributions, simpler digital compliance, effective public awareness and better separate collection and recovery infrastructure can create the conditions for a real European market for secondary raw materials. Europe cannot build a competitive circular economy on fragmented national systems. The Circular Economy Act must provide the scale, trust and investment certainty needed to make circularity work.

Signatories:

Afera - The European Adhesive Tape Association

AGMPM - Association of Greek Manufacturers of Packaging & Materials

AIBI - European Association of Industrial Bakers

AIM - European Brands Association

Aluminium Closures Group

AmCham EU - American Chamber of Commerce to the EU

APPLiA - Home Appliance Europe

CEC - European Footwear Confederation

CEFLEX - A Circular Economy for Flexible Packaging

CEO - Comité Européen de l'Outillage

CEPE - European Council of the Paint, Printing Ink and Artists' Colours Industry

CICPEN - Czech Industrial Coalition for Packaging and the Environment

CITPA - The International Confederation of Paper and Board Converters in Europe

EAFA - European Aluminium Foil Association

EBCA - The European Branded Clothing Association

ECMA - The European Carton Makers Association

EDRA - European DIY Retail Association

EFIC - European Furniture Industries Confederation

EKO-PAK - Packaging Industry Union of Employers

Elipso - Les entreprises de l'emballage plastique et souple

EPPA - European Paper Packaging Alliance

EURATEX - The European Apparel and Textile Confederation

EuroCommerce

EuromContact - The European Association of Manufacturers of contact lenses and lens care

European Aluminium

EUROPEN - The European Organisation for Packaging and the Environment

FBCA - The Food & Beverage Carton Alliance

FDE - FoodDrinkEurope

FEA - European Aerosol Federation

FEPE - Federation of European Producers of Envelopes and Light Packaging

FESI - Federation of the European Sporting Goods Industry

FEVE - European Container Glass Federation

FINAT - The Association for the European Label Industry

FPE - Flexible Packaging Europe

Freshfel - European Fresh Produce Association

FTA Europe - The European Flexographic Printing Industry

INCPEN - The Industry Council for Packaging & the Environment

Intergraf - European Federation for Print and Digital Communication

Istituto Italiano Imballaggio

MPE - Metal Packaging Europe

PAKKAUS - The Finnish Packaging Association

Plastics Europe

Pro Carton - European Association of Carton and Cartonboard manufacturers

SfPE - Steel for Packaging Europe

TIE - Toy Industries of Europe

VinylPlus