Unlocking Circular Growth: A Strategic Imperative for Europe

Plastics Europe's Urgent Asks for a Circular and Competitive European Industry

To ensure the effectiveness of the recommendations outlined below, and any resulting EU-level actions, it is essential that they are both legally enforceable and consistently implemented.

1. Creation of a Market Pull for All Circular Feedstocks and Technologies at sector level
   - Certainty on sector-specific recycled content targets, alongside measures to promote broader adoption of circular feedstocks
   - Additional mechanisms to stimulate demand for secondary raw materials: Public Procurements Frameworks and Extended Producer Responsibility eco-modulation
   - Promotion of 'European-made'[1] plastics and plastic products
   - Verification and Certification of Equivalent Requirements for Imports
2. Levelling the Global Field: A Just Transition to Circularity
   - Tracking Global Circular Economy Progress via Robust Data Monitoring
   - Strengthening Capacity for Effective Enforcement
3. Investing in the Circular Transition for a Competitive European Industry
   - Reinvesting revenues from plastics to accelerating the plastics circular transition
   - Establishing a dedicated circularity fund within the Competitiveness Fund
   - Recognition of organic chemicals and polymers as carbon leakage sectors eligible for compensation under the EU Emissions Trading System (EU ETS)
4. Enabling a Well-Functioning Single Market for Plastic Waste
   - End-of-waste criteria for all recycling technologies and their outputs
   - Enabling Flexibility in Intra-EU Waste Shipments under the Waste Shipment Regulation
5. Removing barriers: Phasing Out Linear Economies and Illegal Waste Practices
   - Ban on landfill and incineration of recyclable plastics
   - Eliminating subsidies that undermine circularity, with landfill taxes as a complementary policy measure
   - Incineration under EU Emissions Trading System (EU ETS)
   - Action on Illegal and unaccounted plastic waste volumes
6. Recognising the Essential Role of All Stakeholders in the Circular Transition
   - Extended Producer Responsibility – driving accountability and recycling
   - Connecting Stakeholders Through Digital Communication Channels
   - Trans-Regional Hubs for Circularity: Delivering More Together
   - The Power of Education and Engagement

[1] The EU including EFTA and UK.

Introduction

Plastics are integral to the European economy, serving a wide range of strategic industries such as automotive, packaging, construction, electronics, healthcare, renewable infrastructure and consumer goods. Although the European plastics value chain currently supports around 1.5 million jobs across more than 50,000 businesses[2], the warning signs are clear: production lines are shutting down, plants are closing, and manufacturing output in Europe continues to decline.

European plastics manufacturers already committed to the 'Plastics Transition' roadmap to accelerate the transition to make plastics circular, drive lifecycle emissions to net zero, and foster the sustainable use of plastics. However, **circularity remains a policy ambition, not a business reality**.

Without urgent intervention, escalating energy costs, unsupportive legislation, and fragmented policies will continue to weaken the sector's foundations and undermine its ability to drive innovation and strategic autonomy.

Plastics Europe's Urgent Asks for a Circular and Competitive European Industry

To ensure the effectiveness of the recommendations outlined below, and any resulting EU-level actions, it is essential that they are both legally enforceable and consistently implemented.

1. Creation of a Market Pull for All Circular Feedstocks[3] and Technologies (sector specific)

Achieving a truly circular economy requires Europe to move beyond framework provisions. This entails recognising diverse feedstocks and innovative recycling technologies across all policies.

- Certainty on sector-specific recycled content targets, alongside measures to promote broader adoption of circular feedstocks

Sector specific legislation must support recycled content targets. Although supply is often perceived as unavailable, it is in fact demand that remains constrained, primarily due to the lack of enabling waste management systems and supportive economic frameworks. Adding to the challenge, the inclusion of 'review clauses' in legislation, e.g. under the Packaging and Packaging Waste Regulation (PPWR), risks weakening market confidence, while failing to support advancements in sorting, recycling, and innovation needed for a scalable circular economy.

While mechanical recycling remains essential for the circular transition, it is important to recognise the role of all recycling technologies, including dissolution and chemical recycling. Recognition of

[2] In terms of turnover, the European plastics industry (EU27) ranks seventh among all sectors in Europe; Including plastics in primary form, plastics products and plastics and rubber machinery; Eurostat official data only available until 2020.
[3] Circular feedstocks are recycled feedstocks, bio-based feedstocks and carbon captured feedstocks.

mass balance approach with third-party certification is urgently needed to accelerate the uptake of chemically recycled feedstocks from plastic waste.

Promoting the use of other circular feedstocks, such as bio-based, bio-attributed, and carbon-captured materials, is essential for Europe's transition to a robust circular economy. It is important to note that targets for bio-based or CCU- feedstocks are needed but should be distinguished from those set for recycled feedstocks[4].

Legal recognition of the mass balance credit-based approach, with third-party certification, is essential to advancing plastics circularity. It enables the uptake of circular feedstocks from plastic waste, bio-based sources, and captured carbon - unlocking scalable solutions for a more circular economy.

- Additional mechanisms to stimulate demand for secondary raw materials

Rewards should be granted to producers who prioritise circular plastics over fossil-based ones. Within Extended Producer Responsibility (EPR) schemes, bonuses for using recycled, or other circular plastic content, in new products can help drive investment in waste management infrastructure and circularity. Public procurement frameworks should also favour circular plastic content and circular applications, e.g. favouring products that are easier to disassemble and recycle, relevant for durable goods.

- Promotion of EU-made[5] plastics and plastic products

While Plastics Europe supports fair trade and the inclusion of secondary raw materials also sourced from outside the EU in mandatory targets, e.g. under the PPWR and future legislative files, it is essential that EU-produced secondary raw materials, along with the products and articles derived from them, are actively incentivised. This is particularly critical in the absence of a level playing field, where EU producers face higher energy and carbon costs.

Plastics Europe supports the promotion of "EU-made" plastics and plastic products through their inclusion in voluntary public procurement guidelines, and recommends further incentives, building on existing EPR fee eco-modulation, to encourage broader uptake.

- Verification and Certification of Equivalent Requirements for Imports

A successful global circular transition requires a shared understanding, supported by clear standards and methodologies for third-party verification. To reinforce circularity within the EU, imported circular plastics and products should meet conditions equivalent to those required in the EU. This should be ensured via mirror measures in EU regulations, backed by targeted enforcement and independent third-party certification.

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[4] The potential introduction of combined targets will favour the most economically viable or technologically advanced option. This potential outcome risks disadvantaging emerging or less mature technologies, thereby creating an uneven playing field and undermining innovation.
[5] Including EFTA + UK.

2. Levelling the Global Field: A Just Transition to Circularity

The reality is that while our EU-policies and waste management frameworks remain uncompetitive, global players and standards for advanced circular economy practices continue to evolve. Lack of regulatory support and divergent interpretations of EU directives deter investment, and impose administrative burdens, e.g. cross-border shipments of plastic waste.

- Tracking Global Circular Economy Progress via Robust Data Monitoring

The establishment of recycled content targets through EU regulatory frameworks - such as the Single-Use Plastics Directive (SUPD), the Packaging and Packaging Waste Regulation (PPWR), and forthcoming measures in sectors like automotive and electrical and electronic equipment - risks being undermined by the lack of robust monitoring tools and mechanisms to distinguish between imports of fossil-based and circular plastics and products. Without such differentiation, binding circular targets lose their effectiveness and fail to drive a genuinely circular economy.

Strengthening the assessment of international trade flows - through enhanced documentation checks at borders and independent third-party certification - can enable early detection of mislabelled imports and improve transparency around the origin, composition, and compliance of imported circular plastics and products. Wherever feasible, the swift implementation of distinct customs codes for fossil-based and circular plastics is essential to support effective monitoring and enforcement.

Monitoring the risk of dumping in circular plastics markets is essential to safeguard a level playing field. Establishing a dedicated trade observatory for chemicals and plastics would enable early detection of unfair trade practices and dumping, allowing for the timely deployment of defensive measures when needed.

With the global roll-out of innovative circularity technologies such as chemical recycling, it is essential to consider the possible misalignment of mass balance methodologies for allocating circular plastics content to products. When different methodologies are followed by different regions around the world, a system must be in place to prevent exploitation of differences. Without mechanisms to ensure equivalence of requirements, the development of a circular plastics system in Europe will be greatly hindered, leading to further reliance on imported plastics.

- Strengthening Capacity for Effective Enforcement

Enforcement can be strengthened through targeted capacity building, harmonised rules, and consistent surveillance, supported by training programmes, structured industry dialogue, and digital traceability systems.

Enhanced cooperation between Member States, along with closer collaboration between market surveillance authorities and customs bodies, is essential to ensure effective and coordinated enforcement across borders.

3. Investing in the Circular Transition for a Competitive European Industry

Reinvesting revenues from plastics - such as allocating all income from the EU's own-resource levy on non-recycled plastic packaging - can play a key role in supporting the circular transition of the EU plastics industry. Establishing dedicated EU or national circularity funds, also within the Competitiveness Fund, is essential to support the development of forward-looking solutions. This should go hand in hand with a regulatory environment that reduces investment risk, accelerates innovation, and supports the transition of existing capacities.

Considering the ongoing energy crisis in Europe, including organic chemicals and polymers in the list of carbon leakage sectors eligible for compensation under the EU ETS - specifically for indirect emission costs from electricity- would provide critical support to the plastics industry. Ensuring that all Member States implement indirect cost compensation could help safeguard existing assets and enable the sector to contribute meaningfully to the circular transition.

4. Enabling a Well-Functioning Single Market for Plastic Waste

The transition to a circular economy can only be achieved if it is based on one clear set of policies for the EU as a whole, implemented and applied uniformly, with the support and experience of Member States.

- End-of-waste criteria for plastic waste: for all recycling technologies and their outputs

For the well-functioning of the EU Single Market and the development of the EU circular economy, the development of EU-wide End of Waste (EoW) criteria for plastic waste including all recycling technologies and their respective output secondary raw materials is essential. An EU-wide EoW set of criteria, building on progress already made at existing national and subnational levels, will ensure legal certainty, promote investments for the upscaling of recycling technologies, boost the market for secondary raw materials, and reduce administrative burdens. As a transitional measure, mutual recognition of End-of-Waste (EoW) status among EU Member States could help facilitate the shift towards a circular economy.

- Enabling Flexibility in Intra-EU Waste Shipments under the Waste Shipment Regulation

The Waste Shipment Regulation offers key opportunities to improve circularity in the EU. A harmonised and simplified Prior Informed Consent (PIC) notification procedure is needed, along with flexible approaches for waste streams exceeding contamination thresholds - such as green-listing sorted plastic waste with known composition and market demand. Mixed plastic waste and assemblies require supportive procedures to establish a viable model and prevent these streams being incinerated.

5. Removing barriers: Phasing Out Linear Economies and Illegal Waste Practices

In 2022, a total of 32.3 Mt of post-consumer plastic waste was collected across the EU 27+3[6]. However, only around 9 Mt was sent to recycling, whereas the rest, exceeding 20 Mt, was either incinerated or sent to landfill.

- Ban on landfill and incineration[7] of recyclable plastics

Alongside a ban on the landfill and incineration of recyclable plastic materials, additional measures in the municipal waste management system are needed to help return valuable resources into the circular economy. Plastics Europe supports mandatory measures to incentivise mixed waste sorting (MWS) as a complementary solution to separate collection of plastics waste.

- Eliminating subsidies that undermine circularity

Reducing subsidies for landfilling and incineration can significantly enhance recycling rates, create a level playing field for circular solutions, and redirect financial support towards circular infrastructure. Introducing landfill taxes could serve as a complementary policy measure.

- Incineration under EU Emissions Trading System (EU ETS)

As part of the upcoming review of the EU Emissions Trading System (EU ETS), scheduled for July 2026, it is crucial to consider including municipal waste incineration installations. Their integration would not only strengthen the climate integrity of the ETS but also act as a strategic and economic lever to support Europe's industrial resilience, resource security, and transition towards a circular economy.

- Action on Illegal and unaccounted plastic waste volumes

Plastics Europe supports robust measures to stop illegal waste exports. Tackling this issue requires enhanced inspection and enforcement to ensure compliance, prevent environmental harm, retain valuable materials within the EU, and combat fraud and free riding.

6. Recognising the Essential Role of All Stakeholders in the Circular Transition

- Extended Producer Responsibility – driving accountability and recycling

Establishing a harmonised EU-wide EPR set of requirements for all products, in accordance with the sector-specific needs, would create a framework that enables the recycling industry to evolve towards greater maturity. EPR should aim to make circularity competitive, particularly regarding

[6] EU27+3 (Norway, Switzerland, and United Kingdom)

[7] In the context of a 'general ban', it is important to note that in certain cases, incineration with energy recovery remains a viable end-of-life option for plastic waste that cannot be recycled by any available technology due to excessive contamination or the presence of incompatible components. These conditions may render recycling technically unfeasible, economically impractical, or unsafe.

reducing landfill and incineration, which results in both the loss of valuable materials and increased environmental impact.

Replacing national EPR databases with a unified EU-wide registration system would streamline compliance, eliminate the need for authorised representatives in each MS, and reduce regulatory complexity.

A dedicated EPR scheme for certified compostable plastic packaging and food service items would support their integration into bio-waste systems, helping meet organic recycling targets. EPR fees from compostable plastic applications placed on the market must be allocated to support organic recycling pathways.

- Connecting Stakeholders Through Digital Communication Channels

Digital tools should be leveraged to streamline administrative procedures and ease bureaucratic burdens. By enabling user-friendly, dynamic, and cost-effective platforms, they can also facilitate cross-border trade. In this context, it is essential to ensure that upcoming digital instruments - such as the Digital Product Passport (DPP) under the Eco-design for Sustainable Products Regulation (ESPR) and related sectoral legislation - do not create new administrative or regulatory barriers.

- Trans-Regional Hubs for Circularity: Delivering More Together

As a complement to national investments in sorting and recycling infrastructure, Trans-Regional Circularity Hubs can unlock the full potential of the EU market and foster economies of scale in recycling. Establishing these hubs without delay would enable Member States lacking sufficient infrastructure to channel plastic waste to neighbouring countries, ensuring its effective and efficient recycling.

- The Power of Education and Engagement

Awareness-raising efforts tailored to local contexts and audiences are key to highlighting the positive role of plastics in the circular economy. These initiatives help increase understanding of the different types of plastics and their specific applications - such as the importance of engineering plastics in the automotive sector or the role of plastics in reusable solutions. By fostering informed and balanced decision-making, such efforts also help prevent unjustified restrictions or substitutions.

Please contact:
Plastics Europe
Judit Guerra-Falcon
Senior Manager – Technical Affairs and Circular Economy
Judit.guerra-falcon@plasticseurope.org

November 2025

Note

This document was drafted as part of Plastics Europe's feedback to the Circular Economy Act Public Consultation.