

Priority Actions for the Circular Economy Act

Europe's transition to circular plastics is not scaling at the pace or scale required. **Weak demand for European circular plastics, unfair global competition, and the continued loss of valuable plastic waste** are only a few of the bottlenecks holding back progress. As a result, the risk of production capacity and innovation shifting outside the EU has never been higher.

Without decisive action and coordinated policy response, **Europe risks falling behind in the global race for circular plastics**, undermining both its sustainability goals and industrial competitiveness.

That's why we are urging the European Commission to **ensure the Circular Economy Act bridges the gap between climate ambition and economic reality**.

Close engagement between EU policymakers and the plastics value chain will be essential to deliver effective and enforceable solutions, including through initiatives such as the Critical Chemicals Alliance (CCA) and the Circular Plastics Alliance (CPA).



PLASTICS
EUROPE

6 Key Policy Drivers



1. Create strong market demand for circular plastics in Europe



Ensure fair global competition and strong enforcement



3. Mobilise funding and reduce investment risk



4. Make the Single Market for plastic waste work in practice



5. Phase out linear waste management practices and address illegal waste flows



6. Strengthen circular systems, governance, and public understanding



1. Create strong market demand for circular plastics in Europe

Why this matters

Europe cannot scale circular plastics¹ without clear, predictable policies that unlock investment. Demand remains too weak because fragmented targets and limited acceptance of key technologies continue to undermine the business case for circular plastics.

Recommended actions

- **Set clear and enforceable sector-specific recycled content targets²** to create an investment-friendly environment for Europe's plastics ecosystem.
- **Reward producers that use circular plastics** through public procurement and Extended Producer Responsibility (EPR) bonuses.
- **Promote the use of European-made³ circular plastics** to compensate for the higher energy and carbon costs faced by EU producers.



2. Ensure fair global competition and strong enforcement

Why this matters

EU manufacturers face higher energy and carbon costs, and stricter climate rules that weaken their global competitiveness. Ineffective monitoring and border controls allow mislabelled and non-compliant plastics to enter the Single Market, undermining EU rules and discouraging investment in Europe's circular plastics ecosystem.

Recommended actions

- **Mandate imported circular plastics and products to meet EU-equivalent requirements** to ensure fair competition and reinforce circularity within the EU.
- **Introduce clear customs codes** to distinguish fossil-based plastics from circular ones, helping track global flows accurately.
- **Create a trade observatory for plastics and chemicals** to detect dumping and unfair trade practices before they can cause damage to the EU industry.

¹Circular plastics are those made from circular feedstocks, including recycled, bio-based and carbon-captured materials, all of which contribute to reducing reliance on fossil resources.

²For the CEA to be effective in boosting demand for circular plastics, we need urgent legal recognition of mass balance in legislation across all sectors (e.g. PPWR, ELVR).

³The EU, including EFTA and the UK.



3. Mobilise funding and reduce investment risk

Why this matters

The circular transition requires major investment in new technologies and infrastructure. The lack of competitiveness and insufficient policy support across the European plastics value chain are creating a high-risk investment climate. With plant closures and declining output, Europe risks losing the industrial capacity and innovation⁴ needed to scale circular solutions.

Recommended actions

- **Reinvest all revenues from EU plastics-related levies⁵** into circular infrastructure and innovation.
- **Establish a dedicated EU Circularity Fund**, including under the Competitiveness Fund, to accelerate innovative technologies and support industrial transformation.
- **Ensure all Member States apply indirect cost compensation** under the EU ETS to protect existing capacity and support new investments.



4. Make the Single Market for plastic waste work in practice

Why this matters

Waste and secondary raw materials are still subject to inconsistently applied rules across Europe. This slows recycling, increases costs, and limits companies' access to the feedstock they need. An effective circular economy hinges on the smooth movement of waste and harmonised rules across all Member States.

Recommended actions

- **Adopt EU-wide End-of-Waste criteria⁶** for all recycling technologies, giving companies legal certainty about how recycling outputs can be traded and used⁷.
- **Use mutual recognition of national End-of-Waste rules** as a bridge until the EU-wide system is in place.
- **Simplify and harmonise procedures for intra-EU waste shipments on secondary legislation of the Waste Shipment Regulation**, especially for plastic waste with known composition and market demand, so it moves efficiently to where it can be processed.

⁴Europe's past leadership in circular plastics is now being eclipsed by China and the rest of Asia. See more in our press release.

⁵For example, the EU own-resource levy on non-recycled plastic packaging.

⁶End-of-waste criteria specify when certain waste ceases to be waste and becomes a product or a secondary raw material.



5. Phase out linear waste management practices and address illegal waste flows

Why this matters

The value of plastic waste as a resource remains largely under recognised. In 2024, 32.7 million tonnes of post-consumer plastic waste were collected in Europe, yet only 29.6% (9.7 million tonnes) was recycled, while 70.4% (23 million tonnes) was incinerated or landfilled⁸. Illegal waste exports driven by fraud and free riding⁹ further undermine EU efforts.

Recommended actions

- **Ban the landfilling and incineration of recyclable plastics¹⁰**, ensuring valuable materials stay in the EU economy.
- **Include municipal waste incineration in the 2026 ETS review** to better reflect climate impacts and encourage recycling.
- **Increase inspections and enforcement actions** to stop illegal exports and keep valuable materials within Europe.



6. Strengthen circular systems, governance, and public understanding

Why this matters

Europe's circular transition requires stronger coordination across borders, harmonised rules, and better understanding of plastics and recycling. Today, EPR systems vary widely across Member States, and many still lack the infrastructure needed for efficient waste management. Without better governance and alignment, progress will remain fragmented and inefficient.

Recommended actions

- **Create harmonised EU wide EPR frameworks**, replacing national databases with a unified EU-wide registration system to reduce administrative burdens and streamline compliance.
- **Ensure upcoming digital instruments (e.g., Digital Product Passport)** are user-friendly and do not create new barriers for companies, especially SMEs.
- **Establish Trans-Regional Circularity Hubs** that allow waste to move to the best-suited recycling facilities within EU borders.

⁷While the proposed criteria on mechanical and solvent-based recycling should be adopted swiftly, we also call for the adoption of dedicated criteria for other recycling technologies, such as chemical and organic recycling.

⁸Data from Plastics Europe's *Circular Economy for Plastics* report 2026.

⁹Where companies avoid paying for waste management while benefiting from systems funded by others.

¹⁰Incineration with energy recovery remains viable for plastics that cannot be recycled for technical or safety reasons.