

The EU Circular Economy Act

Building a European single market for circular solutions – strengthening value chains, levelling the playing field, and unlocking private finance at scale

Dear Commission President Ursula von der Leyen,

Dear Executive Vice-Presidents Teresa Ribera and Stéphane Séjourné,

Dear Commissioners Jessika Roswall, Valdis Dombrovskis, Wopke Hoekstra, and Maroš Šefčovič,

We – the undersigned businesses operating across the European Union in sectors including consumer goods, electronics, fashion, furniture, healthcare, packaging, and finance – welcome the upcoming EU Circular Economy Act (CEA) as a key instrument to strengthen competitiveness, industrial decarbonisation, and economic resilience.

Our businesses are actively implementing, or looking for ways to support and enable, circular solutions to reduce exposure to resource price volatility and supply chain risks, diversify revenue, and achieve high levels of environmental protection. However, the transition to a circular economy in Europe is obstructed by market fragmentation, lack of harmonised policies, and economic instruments that disadvantage circular business models relative to linear alternatives.

The Circular Economy Act must enable a European Single Market that allows circular solutions to scale by aligning regulatory requirements, supported by demand levers and fiscal incentives. As the Commission develops this critical proposal, we urge an ambitious approach that embeds the circular economy at the heart of industrial strategy; one that captures all value creation opportunities: reuse, repair, refurbishment, remanufacturing, and Product-as-a-Service, alongside recycling and secondary raw material markets.

To unlock the full potential of a circular economy in Europe, we consider that three priorities should sit at the heart of the EU Circular Economy Act:

1. BUILD A SINGLE MARKET FOR CIRCULAR SOLUTIONS

A streamlined and harmonised regulatory framework is needed to address cross-border barriers. We call for:

- **Clear regulatory definitions and guidance on their interpretation:** EU-level definitions of waste and circular economy activities, with harmonised end-of-waste criteria where applicable, to ensure consistent implementation across all Member States. Any related rules for compliance should be performance-based rather than prescriptive, allowing businesses to adapt their approach over time.
- **Seamless product, parts, and material flows across EU Member States:** Simplified, risk-based procedures for the cross-border movement of used products and parts, and secondary raw materials across all sectors, including those traded through circular business models. Administrative burdens should be minimised.
- **Convergence of EPR systems:** A digital 'one-stop shop' for registration and reporting; EU-level criteria for the eco-modulation of fees (supported by transparent fee structures and earmarked revenues); and legal clarity on common rules for Producer Responsibility Organisations (PROs).

2. LEVEL THE PLAYING FIELD THROUGH FISCAL AND DEMAND LEVERS

Tackle the upfront cost disadvantages of circular solutions and risks of cascading taxes when reselling used products. We call for:

- **VAT reforms:** Leverage the planned Green VAT initiative to eliminate double taxation and enhance consumer affordability. For scaling of circular solutions a coordinated implementation of reduced VAT rates is needed, including for the resale of second-hand goods and repaired or reconditioned parts. This should be connected to harmonised definitions and margin-scheme calculation, as well as simplified reporting for reused goods traded cross-border within the EU.
- **Circular public procurement:** Introducing mandatory harmonised award criteria that incentivise the selection of circular solutions, such as Product-as-a-Service offers alongside purchase of refurbished and remanufactured products, ensuring lifecycle value is prioritised over upfront cost. This requires improving legal certainty for circular solutions, de-risking their procurement, and using EU funding to scale cross-border procurement.
- **Complementary economic incentives:** Create synergies between EU and national policy instruments, operationalising existing instruments under the Multiannual Financial Framework explicitly for circular economy investments, leveraging harmonised implementation of EPR fee-modulation, and aligning selective material, incineration, and landfill taxes.

The EU Circular Economy Act

Building a European single market for circular solutions – strengthening value chains, levelling the playing field, and unlocking private finance at scale

3. UNLOCK PRIVATE FINANCE AND STRENGTHEN VALUE CHAINS

Scaling circular solutions requires a robust financial and structural foundation. We call for:

- **Investment de-risking:** Deploy financial instruments to mobilise the private capital required to scale circular solutions, innovation, and infrastructure by improving the financial viability and risk profile of circular business models.
- **Market certainty:** The development of an EU Secondary Materials Platform would help aggregate demand, boost transparency, and provide price visibility. It could do this by harmonising EU-wide material specifications, leveraging digital product passports to track material flows, and aggregating small batches of secondary materials into industrial-scale volumes to enable stable market pricing.
- **Trans-regional circularity hubs:** Establishment of industrial clusters of infrastructure and technologies needed for circular solutions to address existing gaps across EU Member States.

Effective implementation of the above could be supported by industrial collaboration centred on specific value chains to align policy, investment, skills, and innovation and digitalisation agendas. Concrete and meaningful deliverables for these alliances should be clearly defined upfront.

The EU Circular Economy Act is a critical opportunity to ensure that circular solutions become the most economically viable option for businesses and consumers alike. We stand ready to collaborate with the European Commission and Member States to turn these objectives into a reality that drives economic competitiveness and prosperity in the EU.

Sincerely,

Gerald Rebitzer
Vice-President Sustainability
and Advocacy Europe & Asia
Amcor

Markus Horcher
Vice President Sustainability
& Public Affairs
Borealis

Marie Castelli
Head of Sustainability
& Public Affairs
Back Market

Daniel Berry
Global Head of Public Affairs
Brambles

Marieke van Winkelen
Head of Sustainability
DLL

Pernilla Halldin
Senior Director, Global Head
of Public Affairs
H&M Group

Roberta Dessi
Head of EU Affairs
Inter IKEA Group

Jacques Moscianese
Executive Director
Institutional Affairs
Intesa Sanpaolo

Ed Lewin
Vice President Government
and Public Affairs
The LEGO Group

Simon Braaksma
Global Head of Sustainability
Philips

Darren West
Global Head of Circular
Economy Solutions
SAP

Wolfgang Ringel
Senior Vice President,
Group Public Affairs
TOMRA

Coordination of this group has been supported by the Ellen MacArthur Foundation