



Making the Circular Economy Act Deliver

Strengthening Europe's Circular Transition Beyond Recycling and Secondary Raw Materials

Brussels, May 2026

Key messages

- The forthcoming Circular Economy Act (CEA) is set to focus primarily on improving CRM recovery, harmonising end-of-waste rules and extended producer responsibility (EPR) schemes and strengthening secondary raw material markets. The emerging policy proposals concentrate on downstream waste management and recycling measures.
- Each of the Commission's three objectives can be made significantly more effective by incorporating upstream measures. The recommendations in this brief show how, within the existing emerging architecture of the Act.
- The CEA also needs a missing piece: a common definition of circular economy, binding material footprint targets, and a dual legal basis. This is the governance architecture without which the rest risks being unenforceable.

The Emerging Direction of the Circular Economy Act

In her [political guidelines](#) for the next European Commission (2024-2029), Commission President Ursula von der Leyen announced plans for a new Circular Economy Act (CEA). The initiative was subsequently confirmed in the European Commission's [2026 Work Programme](#), which foresees publication of the proposal in the third quarter of 2026.

Over the past months, the Commission's impact assessment process and stakeholder discussions have provided increasing clarity regarding the likely direction of the proposal. According to the consultants conducting the impact assessment, the CEA is intended to address the fact that the business case for circularity is hampered by regulatory fragmentation, distorted incentives that reduce profitability of circular businesses, and insufficient access to high-quality secondary raw materials. The emerging policy objectives are relevant. Europe faces growing geopolitical and economic risks linked to material dependency, volatile supply chains, and ever-rising resource demand. These are all the result of a linear economic system, therefore transitioning to a circular economy is a step in the right direction. The CEA has the potential to be a transformational tool. A tool that reshapes how Europe manages its material resources, strengthens industrial resilience, protects nature, and positions the

single market as a global leader where quality of products, of work, and of life are not trade-offs but shared ambitions.

However, for this to happen, the CEA must go beyond improving what happens at the end of a product's life. Recycling and waste management are necessary, but they are the last line of defence, there are *not* a transformation strategy. To deliver on its own objectives, the Act must reduce material demand, extend product lifetimes, keep products and components in use for longer, and give businesses the long-term direction they need to invest in genuinely circular models.

The recommendations below were chosen because each addresses a gap where the current emerging approach risks underdelivering on its own stated objective, and because it moves the CEA away from waste management policy and towards genuine circularity.

Overview of emerging direction of travel of the CEA as presented in April 2026 and ECOS proposals

Overview of the CEA's Impact Assessment as presented by its authors in April 2026	ECOS proposals to strengthen the CEA within its emerging architecture
Objective 1: Reducing EU import dependency on critical raw materials (CRMs)	
<p>Current collection and recovery rates of CRMs from waste streams remains low. This objective seeks to address that gap, particularly through the revision of the Waste Electrical and Electronic Equipment (WEEE) Directive</p> <p>Potential policy options:</p> <ul style="list-style-type: none"> • Extend the scope of WEEE to CRM-rich product categories such as PV panels, wind turbines and data centre's equipment • Establish mandatory removal of specific CRM-containing components from WEEE for all Member States, e.g. as part of the permitting process • Set mandatory material recovery targets for specific CRM contained in WEEE in each category. 	<p>Improving CRM recovery at the end of life through the WEEE revision is necessary but insufficient. Extending product lifetimes and reducing material demand are equally essential to lowering EU's dependence on virgin materials.</p> <p>The revision under the CEA should:</p> <ul style="list-style-type: none"> • Establish separate and binding targets for collection, preparation for reuse/reuse, and recycling within the WEEE framework. • Establish a comprehensive set of measures across the entire product lifecycle to improve the recovery of CRMs from WEEE, including, for example, product design facilitating CRM removal and recycling and improved information on WEEE flows and CRM content. • Increase and enforce producer and seller responsibility, including for online platforms, and end the illegal export of e-waste.
Objective 2: Simplifying the regulatory framework and removing barriers to the single market	
<p>This objective tackles fragmentation in two areas: end-of-waste criteria and by-product status, which remain largely national (meaning a material classified as a product in one Member State can still be treated as waste in another); and the inconsistent implementation of extended producer responsibility (EPR) schemes and governance of Producer Responsibility Organisations (PROs).</p>	<p>Greater harmonisation of end-of-waste criteria, reporting obligations and EPR schemes can reduce fragmentation across the single market and facilitate the circulation of secondary materials. However, harmonisation efforts should not focus exclusively on waste circulation. They should also support higher-value circular activities such as reuse, repair and refurbishment.</p>

<p>Potential policy options:</p> <ul style="list-style-type: none"> • Establish a transparency database and mutual recognition procedures for end-of-waste and by-product status • Establish a digital single-entry point and harmonised registration and reporting procedures for EPR schemes • Ensure PROs/producers support waste prevention and preparing for reuse as well as research and public awareness campaigns 	<p>To strengthen this objective, the CEA should:</p> <ul style="list-style-type: none"> • Implement the waste hierarchy through EPR system: set separate targets for waste prevention, reuse/preparation for reuse, and recycling, and modulate fees to reward durability, reparability, and sustainable design. • Strengthen PRO governance requirements: all actors, including social enterprises, municipalities, waste managers, and NGOs, must participate in scheme design and decision-making, not merely in an observer capacity. • Enforce a level playing field among producers regardless of sales channel by requiring online marketplaces and fulfilment service providers to ensure non-EU traders comply with EPR obligations or contribute to schemes directly.
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Objective 3: Strengthening secondary raw material markets and improving access to feedstock

<p>Weak demand and supply of secondary raw materials remains a barrier to circularity. This objective seeks to get more and better material out of the waste system, unlocking the construction and demolition stream, and create demand-side pull through public procurement.</p> <p>Potential policy options:</p> <ul style="list-style-type: none"> • Set minimum criteria for how Member States design Pay-as-you-Throw (PAYT) schemes AND minimum criteria for landfill gate fee design • Extend current landfill restrictions beyond organic/biodegradable waste and strengthen pre-treatment requirements • Mandatory pre-demolition and pre-renovation audits AND digital platform on construction and demolition waste 	<p>Similarly, measures such as landfill restrictions, PAYT schemes, circular public procurement and construction-sector audits can play an important role in improving material recovery and reducing waste generation. But the objective should not simply be to recycle more material. Instead, it should be to retain products and materials at their highest possible value for as long as possible. Public procurement and the built environment are two underutilised levers for doing this.</p> <p>The CEA should:</p> <ul style="list-style-type: none"> • Mandate circular public procurement criteria in priority sectors, setting minimum percentages of procurement that must meet circularity criteria (e.g. 30% in textiles and construction), with criteria developed through sector-specific secondary legislation and reviewed every three years. • Prioritise circularity at the highest-value stages of the built environment by incentivising renovation, refurbishment, adaptive reuse and design for adaptability and disassembly, while supporting digital building logbooks and material traceability tools to extend building lifetimes and facilitate future recovery of construction products and materials.
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- Mandate pre-demolition audits and selective demolition practices, accelerate recycled-content requirements in key construction materials, and establish harmonised definitions and standards for reusability and recyclability across construction product groups.

The missing piece: Setting the level of ambition and direction of travel

Even with strengthened recommendations under each objective, the CEA risks a deeper structural problem: the absence of a clear long-term direction against which progress can be measured and policy can be held accountable.

The EU has a legally binding climate objective of climate neutrality by 2050. This creates a clear direction of travel for policymakers, investors, and businesses. Circular economy policy currently lacks an equivalent long-term framework. There is no target for material resource use, no agreed definition of what a circular economy means in measurable terms. Without a clear direction, business will continue to receive mixed signals: products can remain largely linear while making incremental improvements in design and recycling and count that as circular. To strengthen long-term coherence and investment certainty, the CEA should:

- Set binding, science-based material footprint reduction targets, alongside separate and sector-specific targets for reuse, repair, and preparation for reuse. This will give businesses the long-term investment signals that recycling targets alone cannot provide.
- Adopt a common definition of the circular economy to ensure a harmonised implementation across Member States. It should be clear that circularity is a solution framework driven by systems thinking and design, and grounded by the following principles: regenerating nature, eliminating waste and pollution, minimising resource extraction, and circulating products and materials at their highest quality.
- Adopt a dual legal basis (Articles 114 and 192 TFEU) to ensure the CEA addresses both internal-market functioning and environmental protection, as required by its objectives and by legal precedent (e.g. Packing Directive, Waste Framework Directive, Battery Regulations).

Why recycling alone cannot close the loop

The emerging proposals concentrate too heavily on downstream waste management and recycling measures while underutilising opportunities higher up on the value chain such as prevention, reuse, repair, refurbishment, and remanufacturing. This matters because more recycling does not mean more circularity when overall material demand continues to increase.¹ Three arguments make this clear:

First, **recycling has a ceiling**. Even if we recycled all materials that are technically recyclable, the global circularity rate would only reach 25%.² The remaining 75% requires fundamentally different interventions: using less, designing better, keeping products in use for longer.

Second, **recycling recovers only a fraction of the value already in products**. For example, the raw materials in a smartphone are worth only a few dollars, while the finished device is worth hundreds or even thousands. Recycling recovers the material fraction alone: the embedded energy, labour, knowledge, and logistics — where most of the value lies — are lost. Reuse, repair, and durable design are what actually preserves value across the full chain.³

Third, the **opportunity for jobs extends well beyond the recycling sector**. According to RREUSE research⁴, reuse creates significantly more jobs than recycling: approximately 70 jobs per 1,000 tonnes of goods collected for reuse, versus 3 to 4 jobs per 1,000 tonnes of materials for recycling. Europe's circular economy employment potential – currently around 4.3 million jobs⁵ – does not lie only in recycling markets. Significant economic and employment potential also exists in reuse, repair, refurbishment and remanufacturing systems.

The CEA arrives at a key moment when Europe is facing growing geopolitical and economic risks linked to material dependency, volatile supply chains, and ever-rising resource demand. These are all the result of a linear economic system. The CEA has the potential to transform Europe's economic system and increase its resilience and economic profitability, while preserving its natural resources and offering a good quality of life to its inhabitants. However, for this to happen, the CEA must go beyond improving what happens at the end of a product's life. Recycling and waste management are necessary, but they are the last line of defence, there are *not* a transformation strategy. To deliver on its own objectives, the Act must reduce material demand, extend product lifetimes, keep products and components in use for longer, and give businesses the long-term direction they need to invest in genuinely circular models.

ECOS Detailed Recommendations

Objective 1: Reducing EU import dependency on critical raw materials (CRMs)

The revision of the WEEE Directive under the CEA should:

- Revise the WEEE Directive into a new WEEE Regulation while preserving the current environmental legal basis and grounding it in the Best Environmental Outcome principle under Article 4 of the Waste Framework Directive, explicitly prioritising waste prevention and lifetime extension over recycling or energy recovery.
- Set an overall 20% waste prevention target on municipal solid waste by 2030 (30% by 2035), with product-group specific sub-targets.
- Establish separate and binding collection, reuse/preparation-for-reuse, and recycling targets, ending the practice of meeting obligations through recycling alone.
- Introduce material-specific recycled content targets from post-consumer WEEE, based on reliable and robust accounting methodologies and complemented by demand-side measures to strengthen the market for secondary materials.
- Set a residual (non-recycled) waste target of 120 kg per capita by 2030 and 100 kg per capita by 2035.
- Ensure that all electric and electronic equipment (EEE) are subject to a broad set of horizontal ecodesign requirements no later than six years after the entry into force of the revised Directive, whether through delegated acts under the ESPR or, as a fallback, directly under the revised WEEE Directive if the ESPR does not establish adequate requirements.
- Establish a comprehensive set of measures across the entire product lifecycle to improve the recovery of CRMs from WEEE, including product design facilitating CRM removal and recycling; material-specific recycled content obligations; improved information on WEEE flows and CRM content through DPPs, enhanced waste statistics, and labelling of CRM-rich components; and mandatory treatment requirements aimed at effective CRM recovery, including dismantling and separate collection of CRM-rich components.
- Revise standards for WEEE treatment, collection, logistics, and preparation for reuse, and integrate them into the revised WEEE Directive, particularly regarding the effective protection of WEEE against damage during collection, transport, and storage.
- Increase and enforce producer and seller responsibility, including for online platforms and non-EU traders selling to European consumers.

- Ban the destruction of unsold EEE and facilitate their resale through officially recognised social enterprises.
- Tackle illegal shipments through uniform and binding functional test requirements, sufficient enforcement resources, and strong incentives to collect WEEE through official channels.

Objective 2: Simplifying the regulatory framework and removing barriers to the single market

In addition to harmonising end-of-waste criteria and EPR reporting, the CEA should:

- Set separate waste prevention, collection, reuse/preparation-for-reuse, and recycling targets within EPR frameworks, to ensure the waste hierarchy is implemented rather than bypassed.
- Ensure EPR fees cover the full environmental costs of products across their lifecycle, including collection, sorting, reuse, recycling, and data management.
- Modulate EPR fees to reward durability, reparability, and sustainable design to actively discourage short-lived and non-recyclable products.
- Mandate a ‘fee transfer mechanism’ within EPR schemes to finance end-of-life treatment of second-hand products exported outside the EU, ensuring producer responsibility follows the product regardless of final destination.
- Enforce a level playing field among producers regardless of sales channel by requiring online marketplaces and fulfilment service providers to ensure non-EU traders comply with EPR obligations or contribute to schemes directly.
- Strengthen PRO governance requirements: all actors, including social enterprises, municipalities, waste managers, and NGOs, must participate in scheme design and decision-making, not merely in an observer capacity.
- Use digital product passports (DPPs) to facilitate information exchange between producers and EPR schemes, enabling traceability and fair cost allocation.

Objective 3: Strengthening secondary raw material markets and improving access to feedstock

On public procurement, the CEA should:

- Deliver a clear mandate for public buyers to award contracts on the basis of highest environmental value, not lowest upfront price in tandem with the revision of the Public Procurement Directives.
- Set minimum circularity procurement targets in selected high impact sectors (e.g. 20–30% in textiles and construction), reviewed every three years and increased where market availability and technological readiness allow.
- Mandate the Commission to develop sector-specific circularity procurement criteria per product group through secondary legislation, drawing on existing tools, such as the Ecodesign for Sustainable Products Regulation (ESPR) and the Construction Products Regulation (CPR) rather than creating parallel frameworks.

On the built environment, the CEA should:

- Prioritise renovation, refurbishment, and adaptive reuse of the existing building stock over new construction, providing a legal framework that places reduction of new construction at the top of the built environment hierarchy.
- Incentivise design for adaptability and disassembly, supported by digital building logbooks and material traceability tools, to extend building lifetimes and enable future recovery of construction products.

- Mandate pre-demolition and pre-renovation audits for all projects above a defined threshold, using a standardised assessment template aligned with Annex F of the EC Guidelines on Waste Audits (2024) and fully translating the EU Construction & Demolition Waste Protocol⁶ into law.
- Fast-track recycled-content requirements in key construction materials (concrete, glass, insulation) and establish harmonised reusability and recyclability definitions across product groups.

The missing piece: Setting the level of ambition and direction of travel

To ensure the CEA provides a robust governance framework it should:

- Set binding, science-based targets including a material footprint cap of 5 tonnes per capita by 2050, (e-)waste prevention targets (20% by 2030, 30% by 2035), and separate binding targets for reuse, repair, and preparation for reuse, complemented by sector-specific targets for electronics, textiles, vehicles, food, furniture, and construction and demolition waste.
- Define circular economy to ensure a harmonised implementation across Member States, making it clear that circularity is a solution framework driven by systems thinking and design, and grounded by the following principles: regenerating nature, eliminating waste and pollution, minimising resource extraction, and circulating products and materials at their highest quality.
- Adopt a dual legal basis (Articles 114 and 192 TFEU) to ensure the CEA addresses both internal-market functioning and environmental protection, as required by its objectives and by legal precedent (e.g. Packing Directive, Waste Framework Directive, Battery Regulations).

¹ThinkStep (2025). The Circularity Gap Report 2025: Why using less is now more urgent. (Available [here](#)).

²Circle Economy (2025). The Circularity Gap Report 2025: A circular economy to live within the safe limits of the planet. (Available [here](#))

³ThinkStep (2025). The Circularity Gap Report 2025: Why using less is now more urgent. (Available [here](#)).

⁴RREUSE (2021). Job creation in the re-use sector: Data insights from social enterprises. (Available [here](#)).

⁵Eurostat, 2025, Persons employed in circular economy sectors. (Available [here](#)).

⁶The EU Construction & Demolition Waste Management Protocol (2024 updated edition) | BUILD UP (Available [here](#)).