

# Circular resources for a European Industrial Deal: why Europe needs a Circular Material Use Act



A **European Industrial Deal** must be the priority for the next term of the European Institutions, to make Europe's industry sustainable, competitive and circular:

## Sustainable



by meeting the ambitious climate objectives laid down in the Green Deal.



## Competitive



by supporting a solid manufacturing base in Europe.



## Circular



by shifting Europe's overall material use towards recycled materials that are sourced and processed in Europe.



## The case for an EU Circular Material Use Act

**Waste management is the mirror image of the whole economy: it operates across all product categories, from what's consumed and discarded in households, to industrial, commercial, construction and demolition waste, as well as hazardous waste.**

It is an industrial sector in its own right, providing a service of general economic interest and the foundation of a well-functioning society, ensuring that natural and urban environments are safe, clean and hygienic, and that all other sectors of the economy can function. But it is also a strategic asset for industrial production, by supplying secondary raw materials and energy.

Establishing a circular economy requires returning substantial quantities of high-quality secondary raw materials to productive use. Yet the uptake of secondary raw materials into the economy requires more than just waste management. For the circular economy to function, there needs to be a constant demand for recycled materials that compete with the quality standards and prices of virgin materials – prices that to this day do not accurately reflect the life cycle impact of virgin materials.

That is why we call for a **Circular Material Use Act (CMUA)** that provides a comprehensive policy encompassing waste management and the transformation of waste materials into productive resources for industrial production.

# Setting a long-term vision on the use of circular resources

To spur innovation and value chain partnerships for the circular economy, the CMUA should establish two legally binding targets:

## 1 An EU Circular Material Use Rate target

25%  
by 2030

30%  
by 2040

35%  
by 2050

## 2 A recycling target for all waste materials in the EU

75%  
by 2035

To drive the transition towards a **comprehensive circular economy**, the CMUA will need to act on **5 key levers**:



2.

## Strengthening EU autonomy over its supply of resources

1.

## Aligning industrial production to the circular economy

The CMUA should **scale-up industrial demand for secondary raw materials** by putting in place incentives for manufacturers to replace virgin materials with recycled materials, combined with legally binding targets on recycled content in key sectors of the economy. This should be accompanied by a **Circular Economy Investment Fund** to support the transition away from primary raw materials.

Every effort should be undertaken to make sure that the **secondary raw materials being reintroduced into the European industrial feedstock are sourced and recycled in the EU**. This will not only guarantee shorter circuits for material transformation, but also reinforce Europe's strategic autonomy and access to critical raw materials.

The CMUA should require that **all imported products placed on the EU market are subject to the same rules and requirements as products developed in the EU**. Such a policy would recognise that all products placed on the market in the EU contribute equally to the EU's circular economy ambition. In addition, the lack of enforcement of this principle is deterring EU industry to act as frontrunners for the circular economy (e.g. dumping of virgin and recycled plastics).

3.

## Harnessing the potential of waste management and the circular economy towards climate change mitigation measures

The circular economy will become increasingly important to achieve both climate ambition and a new prosperity model for Europe. While the waste sector accounts for about 3% of GHG emissions, better use of waste as a resource and preventing waste helps other sectors reduce emissions. Likewise, the development of CO<sub>2</sub> value-chains through carbon capture and use (CCU), nature-friendly biobased materials, mechanical and chemical recycling can all boost the development of non-fossil feedstock to substitute fossil fuels in carbon-based products.

The CMUA should **introduce a mechanism that recognises avoided CO<sub>2</sub> emissions of the waste management industry and of recycled materials** to boost the competitiveness of the industry.

4.

## Establishing an enforcement mechanism for European waste management legislation

Implementing existing waste management legislation across all EU Member States, including all implementing and delegated acts, will be a sizeable challenge in the years to come, requiring financial and human resources on European, national and local level. Without proper enforcement, the risk is that ambitious objectives fall flat.

We call for the CMUA to **establish an agency entrusted with monitoring the implementation of legal frameworks for the circular economy**, with the possibility to penalise infringements. Instead of establishing a new agency, such a role could be attributed to the European Environment Agency (EEA), which already supports the European Commission in the development of the Early Warning Reports.

5.

## Ensuring there is a competitive market for waste management

Fair and transparent markets for waste are essential to encourage private sector investment. The CMUA should therefore exclude forms of preferential treatment of public entities (including SOEs) over private entrepreneurs and ensure that **the principles of the Single Market are maintained, in particular in relation to rules on state aid with regard to public undertakings** and avoiding legislation that establishes ownership or restricted access over specific waste streams, thereby restricting the free market and competition.





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