

## FINAL REPORT

# NAVIGATING THE CIRCULAR ECONOMY ACT - IMPLICATIONS AND OPPORTUNITIES FOR A SUSTAINABLE EU

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## NAVIGATING THE CIRCULAR ECONOMY ACT - IMPLICATIONS AND OPPORTUNITIES FOR A SUSTAINABLE EU

Organised by the **MEP Group on 'Climate Change, Biodiversity and Sustainable Development'**, this event took place in the context of the upcoming proposal of the European Commission for a Circular Economy Act. The aim of the Act is to increase the EU's economic security, resilience, competitiveness, and decarbonisation through the establishment of a Single Market for secondary raw materials, thus increasing the supply of high-quality recycled materials, and increasing demand for these materials in the EU.

Moderated by **Mr. Ilias Grampas** on behalf of the MEP Group Secretariat, the event addressed EU policies on sustainable production, resource efficiency, waste management, recycling and more.

In his opening remarks, **MEP Bruno Tobbac (S&D)** highlighted that the EU economic model remains largely linear, which creates a vulnerability in relation to key supply chain components, and therefore needs to be addressed through appropriate policy instruments. He stressed that this would not only be a matter of environmental policy, but also of industrial policy, supporting both sustainability and strategic recovery. Furthermore, MEP Tobbac remarked on the necessity of reducing imports, in order to strengthen logistical chains for materials' recovery within Europe. This would help create a market for secondary raw materials, as well as to support European strategic independence. Lastly, he called for the introduction of a harmonised European policy on Extended Producer Responsibility (EPR) schemes.

Thereafter, **Dr. Christos Vasilakos**, Head of MEP Tsiodras' office (EPP), raised a key question: How can Europe remain competitive in a world of increasing geopolitical constraints, growing resource capacity and rising global competition? He highlighted that Europe remains heavily dependent on key raw materials, including critical ones that are essential for both the green and digital transitions. At the same time, valuable resources continue to leave our economy as waste instead of being reused, recovered, and reintegrated into production. He stressed that circularity is therefore no longer only about waste management and recycling, but also about reducing strategic dependencies, strengthening industrial resilience and creating new sources of growth and innovation within Europe. As Europe seeks to strengthen its competitiveness, it must ensure the Circular Economy Act becomes a driver of investment, innovation, and industrial leadership, rather than an additional layer of bureaucracy. This makes multi-stakeholder dialogue between policymakers, industry, researchers, and civil society essential.

Furthermore, Dr. Vasilakos emphasized that while ambitious objectives are necessary, implementation must focus on practical, on-the-ground solutions rather than compliance on paper. Europe is already a global leader in the circular economy, supported by strong industries, innovative companies, leading researchers, and a robust regulatory framework. The immediate challenge, he concluded, is to integrate existing initiatives into a single, coherent strategy that delivers both environmental and economic benefits.

Subsequently, the keynote speech delivered by **Mr. Stefano Soro**, Head of Unit for 'Sustainable Products', DG GROW, European Commission, highlighted that the initiative is based on a multi-dimensional concept of sustainability, encompassing not only the environmental dimension but also the economic, financial, and social aspects. He observed that global raw materials' consumption over the last decade has exceeded that of the entire 20<sup>th</sup> century, noting that market volatility, intense competition, and instability are unfortunately enduring features. Consequently, he argued that there is a compelling business case for keeping materials within the economy.

Highlighting the political and geopolitical dimensions of resource management, he urged Europe to learn from past energy dependencies, such as the Russian gas crisis, by refusing to rely too heavily on single supply lines. Ultimately, he stressed that the circular economy should not be viewed merely as an isolated sector, but as a strategic imperative to conserve, reuse, reduce, and diversify Europe's raw material base.

In the panel discussion that followed, **Mr. Ermis Panagiotopoulos**, Board Member at EUROOPEN & RECOUP, Chair of Advocacy at Petcore Europe, Head of Sustainability Advocacy EMEA at Indorama Ventures, argued that Europe should not pursue decarbonisation in a way that creates a market for other regions of the world, as recycled materials can currently be imported more cheaply due to differences in energy costs, as well as collection costs (EPR costs in Europe being much more expensive than the informal sector in the Asian countries). Speaking from the perspective of the PET recycling industry, he noted that we must keep the recycling capacity in Europe, but as European facilities struggle to compete on price with Asian plants "we cannot legislate on recycling content and because of price those targets to be satisfied by imports - is that the circular economy we want?". He also stressed the need to move from legislation to implementation, create a level playing field for imports, support the development of secondary raw materials, and resolve differences in how materials are classified across EU countries. Since Europe lacks many primary raw materials, he argued that a circular economy is essential for achieving greater independence.

**Mr. George Karkampasis**, Director, Circular Economy & Raw Materials, European Aluminium, said the Circular Economy Act's goal of strengthening the single market for secondary materials is the right direction, but stressed the need to ensure these materials circulate within Europe to secure long-term supply and improve quality in recycling. He noted that different materials, such as aluminium and other metals, require tailored approaches due to their recycling properties. He added that in more than a decade, the circular economy approach has moved from scepticism to broad acceptance, and is now seen as essential for Europe's environmental goals and industrial competitiveness. Given Europe's limited access to primary raw materials, he argued that recycling and circular economy approaches are the only viable path forward, and that Europe should make full use of its early leadership before international competitors do.

The discussion continued with **Ms. Anna Papagrigoraki**, Sustainability Director at Cepi, who underlined that the key policy objective of the Circular Economy Act is to create a market demand for secondary materials and a single market for waste, while making our economies more resilient, while also supporting the defossilisation of European economies through a shift to sustainable and bio-based production and consumption. She emphasised that reuse and recycling are complementary solutions, highlighting the paper sector's recycling rate above 75%, underpinned by effective separate collection and high-quality sorting systems, and stressed the need to implement separate collection of recyclables of municipal waste and reduce derogations, alongside harmonised Extended Producer Responsibility schemes at European level. Illustrating circularity in practice, she referred to the Essity plant in Hondouville, where fibres from recycled beverage cartons are transformed into tissue products, demonstrating how recycling can generate high-value and unexpected applications.

She further highlighted that the forest-based sector produces a wide range of innovative bio-based solutions, including biochemicals and textile fibres, and called for the recognition of industrial symbiosis in both legislation and permitting frameworks to enable the efficient valorisation of residues and by-products without unnecessary administrative burden. Finally, she pointed to the need for synergies with the Biotech Act II and lessons from the Ecodesign for Sustainable Products Regulation, stressing the need to recognise renewability as a product parameter. In this context, she called to investigate the possibility of quotas for circular input including biobased content for specific end-product groups, such as packaging, textiles, plastics, and chemicals to create market demand for sustainable solutions, noting that instead of focusing only on mandatory recycled content requirements, blending quotas for circular input should be introduced in selected products. She also stressed that also in the context of the Biotech Act 2, bio-based content targets should be applied primarily at the end-product level based on rigorous impact assessments to ensure they effectively support renewable alternatives and create lead markets for sustainable and bio-based products produced within the EU.

Subsequently, **Ms. Eva Maria Bille**, Head of Circular Economy at EEB, emphasized that a true circular economy must be holistic and deeply transformative, rather than treated as an isolated economic sector. While acknowledging that current discussions rightly highlight resource use and carbon footprints, she raised concerns that planned actions remain limited to the lower end of the waste hierarchy, focusing heavily on harmonisation and secondary raw material markets. To achieve genuine systemic change, she argued that policy must centre on waste prevention, reuse, and repair. Furthermore, she highlighted significant implementation risks for existing legislation, warning against a lowest common denominator approach. To address strategic vulnerabilities and physical ecological boundaries, she called for a serious reduction in Europe's overall resource consumption, suggesting the introduction of explicit resource targets. Lastly, from a geopolitical perspective, it was highlighted that resources are highly dependent on the integrity of ecosystem services. Therefore, she stressed that the EU must recognise the global competition, and reflect on what targets should be subsequently set.

The last panellist, **Mr. Richard Lézé**, President of Steel for Packaging Europe, focused on the recyclability of steel. He welcomed the upcoming circular economy initiative, noting that steel is inherently circular due to its endless recyclability, and has recently achieved an 84% recycling rate for packaging in Europe, with a long-term goal of 100%. He argued that permanent materials need to be formally valorized in EU legislation, notably by including a dedicated chapter on permanent materials in the Circular Economy Act, which could include the related Waste Framework Directive (WFD) and Packaging and Packaging Waste Directive (PPWR). This would recognise them as a key pillar of circularity. In addition, a key policy concern he raised was the uneven enforcement of EPR schemes and the net cost principle. He expressed concerns about current practices where high-performing materials financially subsidise the recycling of less recyclable ones. Finally, he opposed mandatory recycled content targets, arguing that while such metrics may serve as useful Key Performance Indicators (KPIs) for other sectors, imposing rigid mandates on well-functioning, highly recycled streams like steel is unnecessary, and risks disrupting established, highly efficient market loops.

The panel was followed by two further interventions; **MEP Katri Kulmuni (Renew Europe)**, underscored that transitioning away from fossil-based resources necessitates a strategic integration of the bioeconomy, urging that bio-based solutions be fully embedded into upcoming circular economy legislation, rather than remaining confined to high-level strategies. Highlighting the built environment, MEP Kulmuni noted that a substantial majority of current construction materials remain fossil- or mineral-based, with bio-based alternatives representing only a minor portion; prioritising timber and wooden construction could effectively leverage the sector as a critical carbon sink. She emphasised that the circular economy framework must safeguard European industrial competitiveness to successfully facilitate this transition. Crucially, MEP Kulmuni framed the reduction of reliance on imported fossil raw materials as a matter of geopolitical resilience and strategic autonomy. Drawing on Finland's perspective as a nation sharing a 1,300-kilometer border with Russia, she concluded that diversifying away from external fossil fuel dependencies - whether from Russia, the Middle East, or the United States - is essential to strengthening Europe's security posture and preventing economic and political leverage from foreign powers.

The second contribution was delivered by **Ms. Corina Murafa Benga**, Member of the European Economic and Social Committee (EESC), who introduced the European Circular Economy Stakeholder Platform (ECESP), a joint initiative of the European Economic and Social Committee (EESC) and the European Commission - a rich, grassroots community designed for stakeholders to share knowledge and inform policymaking. Drawing from the cross-sectoral consensus of the platform's 24-organisation Coordination Group, which spans industry, trade unions, and research institutes, she highlighted that stakeholders are calling not merely for a set of recommendations, but for an act that would include a comprehensive mapping of existing circular economy legislation, to ensure regulatory coherence and a level playing field.

Furthermore, building on the EESC opinion on the upcoming Circular Economy Act, the new initiative must look beyond secondary raw materials and recycling to actively promote circular business models such as repair and remanufacturing. To scale these practices, the platform advocates reforming EPR schemes through harmonised, eco-modulated fees, with revenues explicitly earmarked to incentivise repair and remanufacture.

In their concluding remarks, the panellists emphasized the need to align economic incentives with the upper tiers of the waste hierarchy by increasing the financial costs of landfilling and eliminating regulatory incentives for waste incineration. To support high-quality circularity, speakers called for verifiable, traceable, and qualitative criteria for recycled content to prevent market distortions. The discussion highlighted the urgent need for structural reform and transparency within EPR schemes, asserting that these programmes should operate on a non-profit, service-oriented basis, that strictly enforces the net cost principle, ensuring each material independently finances its own recycling lifecycle, rather than cross-subsidising less recyclable alternatives.