

A 4-POINT ACTION PLAN FOR THE CIRCULAR ECONOMY ACT

As Europe moves towards climate neutrality and resource efficiency, the chemical industry stands ready to provide circular solutions. These solutions can extend product lifecycles, promote reusability and recyclability, and valorise low-value resources into new raw materials.

However, the chemical industry faces challenges in scaling up circularity. Circular economy projects face significant financial and regulatory barriers, including lack of demand for circular products, competitiveness concerns, and absence of enabling frameworks.

To remedy this, policy measures must be practical, implementable, and investment-friendly, supporting both short-term progress and long-term transformation.

By ensuring that circularity and competitiveness advance together, the upcoming Circular Economy Act (CEA) can help unlock the business case, scale up the use of circular feedstocks, and accelerate Europe’s transition to a more sustainable and circular economy.

Cefic’s four-point action plan seeks to boost the competitiveness of European manufacturers by fostering demand and supply for secondary raw materials within a single market, underpinned by harmonised and streamlined regulations.

[Read more about Cefic's work on Circularity.](#)

Action 1: Ensure coherent regulation and investment-friendly conditions

The issue: Fragmented and inconsistent regulation across Member States, slow permitting, and lack of coordination between EU, national, and regional authorities create barriers to scaling up circular solutions and undermine competitiveness.



The solution:

- Establish a central coordination body within the European Commission for circular economy policies.
- Create an industry advisory group to provide technical expertise.
- Strengthen cooperation and streamline policies and funding instruments across all levels.
- Promote cross-border collaboration and mutual recognition of authorisations.

The result:

- ✓ Predictable, coherent regulatory environment for circular investments.
- ✓ Faster scale-up and deployment of circular solutions.
- ✓ Enhanced global competitiveness for the EU chemical industry.

Action 2: Strengthen the business case for circularity to create demand

The issue: Circular economy projects face high financial risks, lack of demand, and insufficient regulatory and funding support. This undermines the business case for investment and slows the transition to circularity.



The solution:

- Implement market pull policies such as reduced VAT, Green Public Procurement, minimum EU content requirements
- Set ambitious, enforceable circular content targets in product-specific legislation.
- Create dedicated NACE codes for circular products and feedstocks.
- Develop Trans-Regional Circularity Hubs and regulatory sandboxes to foster innovation and industrial symbiosis.
- Advance a Circular Skills Strategy for workforce reskilling.

The result:

- ✓ Improved investment conditions and reduced risk for circular projects.
- ✓ Greater innovation, industrial symbiosis, and job creation.
- ✓ A thriving, competitive European circular economy.

### Action 3: Scale up circular feedstocks and enable technology diversity to increase supply

The issue: The lack of harmonised sustainability criteria, certification, and clear targets for circular feedstocks (biomass, waste-derived, CCU) limits their uptake. Technology-specific barriers and fragmented approaches across value chains slow down the transition to a climate-neutral, resource-efficient industry.



#### The solution:

- Harmonise sustainability criteria and certification for all circular feedstocks.
- Embed mass balance chain-of-custody methodologies in EU legislation.
- Streamline permitting and accelerate funding for first-of-a-kind projects.
- Ensure technology and feedstock neutrality, and legislative recognition of chemical recycling.

#### The result:

- ✓ Increased use of circular feedstocks and technologies.
- ✓ Level playing field for all circular solutions.
- ✓ Accelerated progress towards climate-neutral and resource-efficient production.

### Action 4: Establish a single market for secondary raw materials

The issue: Fragmented end-of-waste (EoW) and by-product criteria, inconsistent extended producer responsibility (EPR) schemes, and complex waste shipment rules hinder the creation of a true Single Market for secondary raw materials. These barriers increase administrative burden, legal uncertainty, and limit the scale-up of circular solutions across the EU.



#### The solution:

- Harmonise EoW and by-product criteria at EU level, including mutual recognition of EoW authorisations.
- Streamline and digitalise EPR schemes, with a centralised EU portal and harmonised requirements.
- Expand the “green list” for waste shipments and simplify procedures for non-hazardous plastics.
- Establish a dedicated EU forum for structured dialogue on EoW criteria and facilitate intra-EU shipment of waste.

#### The result:

- ✓ Predictable, harmonised market conditions for secondary raw materials.
- ✓ Reduced administrative burden and legal uncertainty for cross-border circular flows.
- ✓ Increased investment and innovation in circular solutions.

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#### About Cefic

Cefic, the European Chemical Industry Council, is the forum of large, medium and small chemical companies across Europe, accounting for 1.2 million jobs and 13% of world chemicals production